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HOUSE OF COMMONS

APRIL 1929

SELECT STANDING COMMITTEES

AGRICULTURE AND FORESTRY

REPORT OF PROCEEDINGS AND EVIDENCE  
AND REPORT

Presented to the House of Commons  
by the Select Committee on Agriculture and Forestry  
in accordance with the provisions of the  
Agriculture and Forestry Act, 1928  
LONDON: H.M.S.O. 1929

PRINTED BY THE QUEEN'S PRINTER

BY THE HOUSE OF COMMONS



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HOUSE OF COMMONS, *Four. v. 66, 192*

APPENDIX No. 6

SELECT STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

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MINUTES OF PROCEEDINGS AND EVIDENCE  
AND REPORT

In respect to the consideration of including protein as a factor in the statutory definitions of contract grades of wheat and its effect on existing methods of inspecting and grading, together with the subject of storage, mixing, inspection and grading of grain, generally, and of the administration of the Canada Grain Act

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SESSION - 1929

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PRINTED BY ORDER OF PARLIAMENT



OTTAWA  
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1929





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# ORDERS OF REFERENCE

WEDNESDAY, March 6, 1929.

*Resolved*, That "in the opinion of this House, consideration should be given to including protein as a factor in the statutory definitions applying to all contract grades of wheat in the Western inspection division and that this matter, together with its effect on existing methods of inspecting and grading wheat, be referred to the Select Standing Committee on Agriculture and Colonization and report thereon."

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

FRIDAY, March 8, 1929.

*Ordered*, That the report of the Department of Agriculture for the year 1928 be referred to the Select Standing Committee on Agriculture and Colonization.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

TUESDAY, March 12, 1929.

*Ordered*, That the said Committee be given leave to sit while the House is in session.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

TUESDAY, March 12, 1929.

*Ordered*, That the said Committee be given leave to print its proceedings and Evidence, from day to day, for the use of the members of the Committee and of the House; and that the Standing Order 64 be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

THURSDAY, March 21, 1929.

*Ordered*, That the Third Report of the said Committee be concurred in, and that the Order of Reference dated March 6, 1929, in relation thereto be enlarged by adding thereto authority to consider and report on the subject of the storage, shipping, mixing, inspection and grading of grain, generally, under the provisions of the Canada Grain Act, and also that the said Committee is hereby given power to investigate the whole administration of the Canada Grain Act.

Attest.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

## PREFATORY NOTE

## EVIDENCE

By Resolution of May 21, 1929, the Committee received as evidence, the Report of the Royal Grain Inquiry Commission, 1925 (Turgeon Commission), the Interim Report of the Royal Grain Inquiry Commission, 1928 (Brown Commission) and the Evidence and Report of the Committee on Agriculture and Colonization, 1928.

The aforementioned evidence is not printed with the Minutes of Evidence herein and may be conveniently referred to as found in the several publications issued in respect thereto.

## FOURTH REPORT

The Fourth and Final Report of the Committee of June 5, 1929, is composed of a series of Recommendations, to all of which the House gave concurrence; those requiring legislative sanction were incorporated in a Bill to amend the Canada Grain Act which passed Parliament and appears as Chapter 9 of the Statutes of 1929; other recommendations, not properly the subject of legislation receive their sanction by the concurrence of the House.

For convenience of reference the Report has been divided into its component parts as above indicated and is appended to the Report as printed herein.

*Clerk of Committee.*



## REPORTS OF THE COMMITTEE

### FOURTH REPORT

HOUSE OF COMMONS,

WEDNESDAY, June 5, 1929.

The Select Standing Committee on Agriculture and Colonization begs leave to present its Fourth Report as follows:—

Pursuant to Orders of Reference dated Wednesday, March 6, and Thursday, March 21, 1929, your Committee took into consideration the subject of protein as a factor in the statutory definitions applying to all contract grades of wheat in the Western inspection division, together with its effect on existing methods of inspecting and grading wheat, and the subject of the storage, shipping mixing, inspection and grading of grain, generally, under the provisions of the Canada Grain Act, as well as the whole administration of the said Canada Grain Act.

Your Committee has held forty sittings and has called before it the following thirty-nine witnesses, namely:—

- A. J. McPhail, President, Saskatchewan Wheat Pool.
- C. H. Burnell, President, Manitoba Wheat Pool.
- B. Plumer, an Officer of the Alberta Wheat Pool.
- R. H. Milliken, K.C., Solicitor for the Saskatchewan Wheat Pool.
- T. J. Murray, Solicitor for the Manitoba Wheat Pool.
- Dr. H. M. Tory, Chairman, National Research Council.
- Dr. F. J. Birchard, Chief Chemist, Board of Grain Commissioners.
- T. R. Aitkin, Assistant Chemist, Board of Grain Commissioners.
- Dr. L. H. Newman, Dominion Cerealists.
- A. F. Sproule, Lafleche, Saskatchewan.
- John Wellbelove, Member of the Standards Board.
- George Serls, Member of the Standards Board.
- Fred Symes, Head Inspector at the Head of the Lakes Terminals.
- John Gillespie, Member of the Standards Board.
- J. D. Fraser, Chief Grain Inspector.
- C. W. Swingler, Superintendent of Terminal Elevator.
- C. B. Watts, Secretary, Dominion Millers' Association, Member of Standards Board.
- W. F. Schnaidt, Marketing Specialist, South Dakota State Agricultural College.
- Alexander Ferguson, Assistant General Manager, Montreal Harbour Board.
- Norman Wight, Grain Broker, Montreal Corn Exchange, and Chairman of Eastern Standards Board.
- J. G. Sutherland, Superintendent of Transportation, C.P.Ry. Co.
- V. I. Smart, Superintendent of Transportation, C.N.Rys.
- Hon. T. A. Crerar, President and General Manager of the United Grain Growers, Ltd.
- J. R. Murray, Assistant General Manager, United Grain Growers, Ltd.
- R. Hetherington, Manager of Government Elevators.
- Joseph Bennett, Superintendent of Alberta Wheat Pool Elevators at Vancouver.
- P. McCallum, General Superintendent of the Saskatchewan Pool Elevators at Port Arthur and Fort William.

George McIvor, Sales Manager, Canadian Wheat Pools.  
Robert C. Steele, Grain Checking Department, Saskatchewan Wheat Pool.  
Leslie H. Boyd, Chairman Board of Grain Commissioners.  
Matthew Snow, Member of the Board of Grain Commissioners.  
T. H. Rathbone, Secretary of the Board of Grain Commissioners.  
Professor T. J. Harrison, Agricultural College, Winnipeg.  
Paul Bredt, a Director of the Wheat Pools.  
Dr. J. H. Grisdale, Deputy Minister, Department of Agriculture.  
W. C. Folliott, Member of the Barley Grading Committee.  
C. D. McFarland, Member of the Barley Grading Committee.  
Mr. Burnell, Member of the Barley Grading Committee.  
E. B. Ramsay, an Officer of the Pools.

The evidence submitted by the aforementioned witnesses covers some 900 pages of printing.

Your Committee begs leave to report its conclusions and recommendations as follows, namely:—

1. That the following recommendations submitted by the Board of Grain Commissioners by way of amendments to the Canada Grain Act, be adopted namely:—

That,

Section 5 be amended by deleting the word “monthly” and substituting therefor the word “semi-monthly”.

Section 6 be repealed and the following section substituted therefor:—

“The head office of the Board shall be located at such place as the Board may decide, and the Board may from time to time establish offices of the Board at other places.”

Section 20 be amended by adding thereto the following words:—

“and may make rules and regulations for the handling of grain in any manner whatever.”

Section 29 be amended by adding thereto the following words:—

“The premiums assessed for such security shall be paid by the Board.”

Section 34 be amended by striking out the words “Chief Inspector” in the fourth line thereof and substituting the following words “inspector in charge”.

Section 55 be amended by adding thereto the following words:—

“and the premiums assessed for such guarantee bond shall be paid by the Board.”

Paragraph 6 of Section 116 be amended by striking out the words, “the opening of navigation,” and substituting therefor, “granting a license”.

### *Complaints*

2.

That,

Subsection (1) of Section 108—Subsection (1) of Section 109—Subsection (4) of Section 114 be severally amended by striking out the words “under oath” where such words appear therein.

That,

Subsection (1) of Section 203 be amended by striking out the words “verified by affidavit or statutory declaration” in the sixth and seventh lines thereof.

That,

A new Section 108A be added:—

108A. Notwithstanding anything to the contrary in the Act contained, the Board may require that any complaint in writing shall be verified by the complainant by affidavit.

*Powers of Board to Assess Loss and Damage*

3. Your Committee recommend that the Act be amended by adding thereto the following section:—

18A. (1) Notwithstanding anything to the contrary in this Act contained, the Board may either upon complaint made or without complaint, investigate under oath, any matter which the Act provides shall or may be investigated by the Board, with power to assess loss and damage and the finding of the Board certified by the Seal of the Board and by the Chairman and the Secretary thereof shall be final and shall be enforceable in any court of competent jurisdiction, unless an appeal from such finding shall be taken as in the next subsection provided.

(2) The person awarded damages or the person against whom damages are assessed may within thirty days of the date of the finding of the Board enter an appeal in the District or County Court of the judicial district in which the person entering such appeal resides.

(3) The Governor in Council may make such rules of practice and procedure for the proper conduct of such investigation as to him seems advisable.

*Standards—Standards Boards*

4. Your Committee recommends the Constitution of the Standards Boards on a different basis from that heretofore prevailing and that such Boards be empowered to finally fix the Standard Samples for all Grades and not for Commercial Grades only.

That,

The Act be amended in the following respects to provide for such recommendations,

That,

Section 32 of the Act be repealed and the following substituted therefor:—

32. The Chief Inspector shall direct the inspectors of the several divisions and districts to collect as early as may be possible and advisable, samples of grain of the current year's crop and from such samples the Chief Inspector shall select samples as and for the Statutory Grades of grain which, when approved by the Standards Board shall be, and be known as Statutory Grades Standards.

That,

Sections 40, 41 and 42 of the Act be repealed and the following substituted therefor:—

40. (1) There shall be for the Western Inspection Division a Board to be known as the Western Grain Standards Board or Standards Board appointed by the Board of Grain Commissioners, which shall consist of the Commissioners, the Chairman of the Boards of Grain Appeal, the Chief Inspector, the Chief Chemist of the Board and the Dominion Cerealists as ex-officio members, together with 1 representative of the millers, 4 representatives of the producers of Alberta, 5 representatives of the producers of Saskatchewan, 3 representatives of the producers of Manitoba and 1 representative of the producers of British Columbia.



Provided that in the event of the said aforementioned persons or any of them being unable or refusing to act as members or attend any meeting of the Standards Board, the Board shall appoint a sufficient number of other persons within the class of persons by this subsection named to be members in the place and stead of said persons. Provided, however, that the representation on the Standards Board of the several classes hereinbefore named shall always be maintained.

(2) Every member other than the ex-officio members, before acting as such, shall take an oath of office in such form as may be prescribed by the Board.

(3) The members shall be appointed each year not later than the first day of July and shall hold office until the thirtieth day of June of the year next following.

(4) At any meeting of the Standards Board two-thirds of the members of the said Board shall constitute a quorum.

(5) The Standards Board shall meet at such times and places as the Board shall direct.

(6) Notice of the meetings of the Standards Board shall be given by the Board to the members by registered post or by telegram.

(7) Members shall be paid their actual transportation expenses to and from the meetings of the Standards Board and a per diem allowance of twenty dollars while so travelling and while in attendance at Board meetings. Provided, however, that the per diem allowance shall not be paid members who may be officers or employees of the Dominion Government.

41. Official Standards shall not be finally established by the Standard Board until the Chief Chemist of the Board or his assistant has reported on their milling and baking value.

42. (1) The Standards Board shall establish standards which, when made to apply to grades other than the Statutory Grades, shall be and be known as Commercial Grades Standards.

(2) The Board may at any time authorize and direct the Standards Board to establish standards of grain typical of the grain passing to Pacific ports to govern the inspection and grading of such grain.

42A. In the inspection of grain of commercial grades, inspection officers shall be governed by Commercial Grades Standards.

42B. In the inspection of grain of statutory grades inspection officers shall be governed by the Standard samples except where there is a variation between such samples and the definitions of grades under the Act in which case grain carrying the statutory minimum weight per bushel and the statutory minimum percentages and in all other respects up to the said samples, shall be given a grade equal to the grade represented by the said Standard sample.

42C. The Chief Inspector shall distribute portions of all standard samples to such persons as the Board may direct and inspectors shall upon request furnish standard samples certified in writing over their hands as being samples of the official standard of a specified grade. For all such samples, inspectors shall charge and collect such fee as may be fixed by the Board.

#### *Warehouse Receipts*

That Subsections (1) and (2) of Section 150 be struck out and the following substituted therefor:—

(1) The operator of any country elevator shall deliver to any person actually delivering grain for storage or shipment a warehouse receipt or receipts *in the name of the individual, or jointly in the name of two or more individuals,*



designated by the person actually delivering the grain. Such receipt or receipts shall be dated the day the grain was received and specify,

- (a) the gross and net weight of such grain;
- (b) the dockage for dirt or other cause;
- (c) the grade of such grain when graded conformably to the grade fixed by law and in force at terminal points; and
- (d) that the grain mentioned in such receipt has been received into store.

(2) Such receipt shall also state upon its face that the grain mentioned therein has been received into store, and that upon the return of such receipt, and upon payment or tender of payment of all lawful charges for receiving, storing, insuring, delivering or otherwise handling such grain, which may accrue up to the time of the return of the receipt, the grain is deliverable to the individual or individuals named in the said *warehouse receipt*, or to his or their order, from the country elevator where it was received for storage, or, if he so desires, in quantities not less than carload lots, on track at any terminal elevator in the Western Inspection Division or at a proper terminal elevator at or adjacent to Duluth, so soon as the transportation company delivers the same at such terminal, and the certificate of grade and weight is returned.

That section 2 be amended by adding thereto paragraph (ff) the following:—

(ff) "Owner," for the purpose of the provisions of this Act with respect to the issue of warehouse or storage receipts, means the person who is entitled to demand the issue of any such receipt to himself or his nominee or, after any such receipt has issued, means the person to whom the grain is deliverable in accordance with the terms thereof. (New.)

### *Appeals*

6. Your Committee recommends a new section 31 to make clear that the definitions of the Statutory Grades shall be the final determining factor on Appeal.

That,

Section 31 of the Act be repealed and the following substituted therefor:—

31. Standard Samples of all grades of grain in use by the inspection department in grading grain shall be supplied by the Chief Inspector to the several Appeal Boards and the said Appeal Boards shall use the said Standard samples in deciding appeals. Provided however, that grain carrying the statutory minimum weight per bushel and the statutory minimum percentages and up to the standard sample in all other respects shall be given a grade equal to the grade represented by the said sample.

Explanatory note: This amendment is proposed for the purpose of bringing the Act into conformity with the prevailing practice in respect to grading grain. The Chief Inspector's evidence is that it is not always passible to prepare standard samples to the minimum of weight and percentage required in the definition of the Act.

### *Barley Grades*

7. Your Committee recommends the adoption of the revised definitions of Barley Grades as submitted by sub-Committee on Grading of the National Barley Committee and that Section 96 of the Act be amended and the new definitions of Grades be substituted therefor.

That,

Section 96 of the Act be amended by striking out the definitions under the word "barley" and substituting the following therefor:—

Grades Nos. 1, 2 and 3 extra, C.W. Barley shall apply to barley that is of good utility value for malting purposes and for these grades "sound" shall mean free from frosted, sprouted, heated, musted, or artificially dried grain, and shall be practically free from broken, skinned or otherwise damaged grain.

### *Six-Row Barley*

No. 1 Canada Western Six-Row Barley shall be composed of 95 per cent six-row barley of one variety or type, and equal in value for malting purposes to O.A.C. 21. It shall be sound, clean, practically free from other grain, plump, bright and weigh not less than 50 pounds to the bushel.

No. 2 Canada Western Six-Row Barley shall be composed of 95 per cent six-row barley of one variety or type and equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, free from other grains but not plump or bright enough to be graded No. 1, and shall weigh not less than 49 pounds to the bushel.

No. 3 Extra Canada Western Six-Row Barley shall be composed of 90 per cent six-row barley equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, reasonably free from other grain, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

### *Two-Row Barley*

No. 1 Canada Western Two-Row Barley shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, clean, practically free from other grain, plump, bright and shall weigh not less than 52 pounds to the bushel.

No. 2 Canada Western Two-Row Barley shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but not plump or bright enough to be graded No. 1, and shall weigh not less than 50 pounds to the bushel.

No. 3 Extra Canada Western Two-Row Barley shall be composed of 90 per cent two-row barley equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

### *Trebi Grades*

No. 1 Canada Western Trebi Barley shall be composed of 95 per cent Barley of Trebi type, shall be plump, bright, sound, practically free from other grain and weighing not less than 50 pounds per measured bushel.

No. 2 Canada Western Trebi Barley shall be composed of 95 per cent Barley of Trebi Type, shall be reasonably clean, sound, reasonably free from other grains, but not bright or plump enough to be graded No. 1 and weighing not less than 49 pounds per measured bushel.

No. 3 Extra Canada Western Trebi Barley shall be composed of 90 per cent Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grain, but may include weather stained barley and weigh not less than 48 pounds per measured bushel.

*Feed Barleys*

No. 3 Canada Western Barley shall be barley composed of any variety or type of combination of varieties or types, shall be sweet, reasonably clean and reasonably free from all other grains, may include weather-stained, immature, shrunk, slightly frosted and otherwise damaged barley and shall not weigh less than 47 pounds to the bushel.

No. 4 Canada Western Barley shall be barley composed of any variety or type or combination of varieties or types, shall be sweet, and may include damaged or stained barley and shall not weigh less than 46 pounds to the bushel.

No. 5 Canada Western Barley shall include damaged and badly weathered barley and shall not weigh less than 42 pounds to the bushel.

No. 6 Canada Western Barley shall include all barley excluded from the preceding grades on account of weight or admixtures.

Barley inspected as "No grade," "Tough," or "Damp," and artificially dried, shall not be graded higher than No. 3 Canada Western Barley.

*Prohibition of Mixing*

Your Committee recommends that legislation be enacted at the present Session prohibiting in any manner whatsoever, the mixing of the Statutory Grades of Red Spring Wheat, and that such legislation shall come into force and effect on the first day of August, 1930.

Your Committee also recommends that the Board be advised to pass such regulations and provide such staff as may be required for the enforcement of the said prohibition of mixing.

*Outturn Standards*

Your Committee recommends that the standard for the grading out of all elevators, except country elevators, of all Statutory and Commercial grades of Red Spring Wheat shall be a composite sample equal to 75 per cent of the average quality of the grade and 25 per cent of the minimum quality of such grade at the primary inspection point, and that the legislation enacting this provision shall become operative on the first day of August, 1929. Such outturn standards shall be set by the Standards Board.

In respect to the aforementioned recommendations on the prohibition of mixing of grades and in respect to Outturn Standards your Committee recommend that the Board be instructed to make a careful study of the effect of the carrying out of the said recommendations in the first year thereof, and report to the Minister their findings and recommendations as to the advisability of continuing, extending or modifying such provisions.

*Protein Content*

9. Your Committee submits the following recommendations on the subject of the protein content of Wheat:—

That pursuant to a request embodied in the Report of the 1928 Select Standing Committee on Agriculture and Colonization, the National Research Council made an exhaustive survey of the United States system of paying premiums for high protein wheat and reflecting the same back to the grower and reported thereon to the Minister.



That your Committee considers this report a very valuable contribution to available data on the protein question and recommends that the National Research Council be requested to adopt such measures as it seems best fitted to bring this report to the attention of, and make it available to interested persons.

That the said report of the National Research Council having suggested further investigation of the export demand for high protein wheat in the major importing countries and your Committee concurring in this view recommend that the National Research Council be requested to conduct a personal survey of the major European markets and report to the Minister before next session of Parliament.

#### *Cars and Car Order Book*

10. Your Committee recommends the adoption of the following car order book provisions, being the recommendations of the Brown Royal Commission as revised by your Committee.

Sections 179 to 191 (both inclusive) shall be struck out, and the following sections substituted therefor.

179. (1) At each station where there is a railway agent and where the grain is shipped under such agent, an order book for cars shall be kept for each shipping point under such agent in which every order for a car for the shipment of grain from such shipping point shall be entered, and which shall be kept open to the Public. (S. 178, ss. 1, Amended.)

(2) The car order shall be in the form D, in the first schedule to this Act. (No change.)

(3) In the case of a flag-station or siding from which grain is shipped, the Board may, in its discretion and for such period or periods as it deems necessary, require the railway company to provide at such flag-station or siding a suitable person whose duties shall be,

- (a) To keep open for the use of shippers at all times during the day a car order book, as provided under this Part, in which orders for cars may be entered in accordance with the provisions of this Part;
- (b) when the loading of cars is completed, to seal such car or cars;
- (c) to provide shippers with the regular form of grain shipping bill; and
- (d) when such shipping bill is properly filled out by the shipper, to hand it to the conductor of the train that picks up such car or cars or place it where such conductor may get it. (No change.)

(4) This section shall not apply to a siding used exclusively for the passing of trains. (No change.)

(5) All of the aforesaid car order books shall be supplied by the railway company. (S. 179, ss. 6, Amended.)

(5) All of the aforesaid car order books shall be supplied by the railway company. (S. 179, ss. 6, Amended.)

(6) Every railway company which fails to supply or keep open for use, a car order book for any such station, flag-station, or siding at the proper place where the same is to be kept under this Part, or which fails to comply with any requirement made by the Board under subsection 3 of this section, is guilty of an offence and liable on summary conviction to a penalty of not less than five hundred dollars nor more than one thousand dollars. (Old ss. 5, Amended.)

(7) Every railway agent or employee who refuses to use or fails to keep open for use, any car order book supplied to him for any such station, flag-station, or siding, is guilty of an offence, and liable on summary conviction to a penalty of not less than one hundred dollars, nor more than two hundred dollars. (New.)



180. (1) Every order for a car shall be made by the applicant in person or by his agent duly appointed in writing. (New.)

(2) The agent of the applicant shall be a resident in the vicinity of the shipping point for which the car is ordered, and if the car order is signed by the agent the appointment of such agent shall be forthwith deposited with the railway agent. (S. 181, ss. 2, Amended.)

(3) No person acting in the capacity of a duly authorized agent shall at any one time order a car for more than one applicant and no applicant or agent shall make an entry in the said book until any previous entry made by him or for him shall have been filled or cancelled as hereinafter provided.

(4) Notwithstanding any of the foregoing provisions of this section, an order for a car for a country elevator may be made on behalf of such elevator by the local operator or other person for the time being in charge thereof, and it shall not be necessary for such operator or other person to obtain or file any appointment in writing as aforesaid. (New.)

(5) Applicants or their agents shall be entitled to sign the car order book in the order of their arrival at the place where the said book is kept, without discrimination between producer, country elevator or otherwise. (New.)

181. (1) Every person who is a member of any of the organizations of grain producers known as grain pools, and incorporated by Act of the legislature of any of the provinces of Canada shall, for the purpose of ordering a car or cars for the shipment of grain under the provisions of this Part, be deemed to be the owner of the grain delivered by him to or on account of such organization (New.)

(2) If a group of two or more producers of grain desire to load a car with grain, part of which belongs to each of them, without bulkheading and without putting such grain through a country elevator, then, notwithstanding any of the provisions of section 180, such group shall for the purpose of ordering a car or cars under the provisions of this Part, be considered as one person, and any member thereof may, upon obtaining from his fellow members and filing with the railway agent on authority in writing so to do, order a car on behalf of such group. (New.)

182 (1) An applicant may order a car according to his requirements of any of the standard sizes in use by the railway company, and may in his order therefor, designate the country elevator, loading platform, siding or other convenient place at which the car so ordered shall, subject to the provisions of this Act, be spotted or placed for him by the railway company. (S. 180, ss. 1 and part s. 186.)

(2) The applicant or his agent duly appointed in writing in the manner aforesaid, shall furnish to the railway agent, for insertion in the car order book, the name and post office address of the applicant, the place where the car is to be placed for loading and the kind of grain to be loaded, and shall in the order for the car declare that the applicant is at the time of the making of such order the actual owner of a carlot of grain of the kind designated in the said order, and that in his belief the said grain will be in a position to load by the time the car can be furnished to him. (S. 181, ss. L, Amended.)

(3) Unless the car is for a country elevator, the applicant or his said agent shall also furnish to the railway agent, for insertion in the car order book, a description by section, township, range and meridian, of the land on which the said grain was grown, and shall also in the order for the car, declare that the applicant has not at the time of the making of such order, any unfilled order for a car for the shipment of grain grown on the said land or on any other car order book. (New.)

(4) Each order shall be made in triplicate and shall be consecutively numbered in the car order book by the railway agent at the time the car is ordered and the said railway agent shall also at the same time fill in all particulars of the application except the applicant's signature, which shall be signed by the applicant or his said agent. (S. 181, ss. 1, Amended.)

183. (1) Each order for a car shall also be personally signed by the railway agent, who shall remove both the duplicate and triplicate from the car order book, and keep the duplicate in a separate file under his own control and give the triplicate to the applicant or to the applicant's agent if the order is made by an agent. (New.)

(2) If any car order book is lost, destroyed or otherwise disappears, the railway agent shall forthwith prepare a new book, and enter therein all of the orders which have not been filled or cancelled, in the order of priority to which such orders are entitled as shown by the duplicate to orders on his separate file. (New.)

(3) The applicant shall carefully preserve the triplicate of the said order, and if neither the original order book, nor the said duplicate orders can be found or produced, the railway agent shall forthwith post up in a conspicuous place in the station or other place where the said book shall be kept and in the nearest post office, written notices that the said book and duplicate orders are missing and that he intends to prepare a new book.

(4) All applicants whose orders were entered in the missing book and have not been filled or cancelled, shall thereupon have forty-eight hours within which to produce the triplicates of their said orders to the railway agent who shall, at the expiration of the said period, forthwith prepare a new book and enter therein all orders which have not been filled or cancelled, so far as the same may then be known to him in the order of priority to which such orders are entitled as shown by the triplicate orders so produced to him and shall thereafter, but not before, permit other applicants to enter their orders for cars. (New.)

(5) Subject to the foregoing provisions of this section in the event of any dispute arising as the result of the loss or destruction of the car order book or of any entry therein or entry extracted therefrom or in the event of the neglect or refusal of a railway agent to open a book the Board shall thereupon make such order or take action such as will provide as speedily as possible for the opening of a proper book. (New-added in Committee.)

184. (1) No car shall be furnished to any applicant for the shipment of grain unless the said applicant has first ordered such car in accordance with the provisions of this Part. (New.)

(2) Cars so ordered shall be furnished to applicants according to the order in time in which their orders appear in the car order book, without discrimination as to place of loading between country elevator, loading platform or otherwise. (S. 182, Amended.)

(3) In case the applicant requires any special standard size of car, such size shall be stated by the railway agent in the car order book, and the railway company shall furnish a car of the size so ordered to such applicant in his turn, as soon as the same can be furnished to him by the railway company. (Part s. 180, ss. 1, Amended.)

(4) If any car or cars furnished by the railway company at any station are not of the size required by the applicant first entitled thereto, such applicant shall not lose his priority, but shall be entitled to the first car of the required size which can be furnished to him by the railway company. (Part s. 180, ss. 2, Amended.)

185. (1) Each applicant or agent upon being informed by the railway agent of the allotment to him of a car in good order and condition shall, within three hours, declare his intention and ability to load the said car within the time hereinafter prescribed. (S. 185, ss. 1.)

(2) In the event of such applicant or agent failing so to declare his intention and ability to load the car allotted to him, the railway agent shall thereupon cancel the order by writing in ink across the face thereof the word "Cancelled", and the date of such cancellation, and shall sign his name thereunder. (S. 183, ss. 2, Amended.)

(3) If the applicant, after declaring his intention and ability as aforesaid, shall not have commenced loading the car within twenty-four hours thereafter, the railway agent shall thereupon cancel the order in the manner aforesaid. (S. 183, ss. 3.)

(4) Upon the cancellation of an order under any of the provisions of this section, the railway agent shall award the car in accordance with the following provisions.

(a) If such car has been spotted or placed for loading at the place designated in the order of the applicant next entitled to a car, the said car shall be awarded to such applicant.

(b) If such car has been spotted or placed for loading at some other place, the said car shall, notwithstanding the provisions of section 184, be awarded to the next applicant who has ordered a car to be spotted or placed for loading at the place where such car has been spotted or placed: Provided always that in such cases, no applicant to whom the said car would otherwise have been awarded shall lose his priority, but shall be entitled to the next car of the size ordered by him which can be furnished to him at the place designated in his order. (New.)

186. (1) In the allotting of cars under the provisions of this Part, one car only shall be allotted in each case to the applicant, except in the case of a country elevator, which shall receive two cars on each allotment. (New.)

(2) The Board may in its discretion cancel or suspend the country elevator's privilege of obtaining two cars upon allotment and restrict the said allotment to one car, at any point where, owing to prevailing conditions, it is deemed expedient so to do. (New.)

(3) The Board may, in its discretion, during a car shortage, direct the railways to make an equitable distribution of empty grain cars to all stations or sidings in proportion to the amount of grain available for shipment from such stations or sidings. (S. 190.)

187. (1) Subject to the provisions of this Act, every car shall be spotted or placed for the applicant by the railway company at the country elevator, loading platform siding, or other place designated by the said applicant in his order for such car. (Part s. 186, Amended.)

(2) No car shall be deemed to be furnished to an applicant within the meaning of this Part, until it is spotted or placed for him for loading at the place designated in his order for such car, nor unless it is in a proper condition to receive and carry the kind of grain designated in the said order. (S. 188 and Part s. 182, Amended.)

(3) Each person to whom a car has been allotted under the foregoing provisions shall, before commencing to load it, notify the railway agent of its proposed destination. (S. 187.)

(4) The period of time which shall be allowed for loading a car secured under the provisions of this Part shall be forty-eight hours, except during the months of September, October and November when it shall be twenty-four hours. (S. 191.)



188. (1) When an applicant has loaded a car allotted to him or his order therefor has been cancelled, he shall, if he requires another car, be entitled to again order a car and sign the car order book in manner aforesaid, and when the second car has been allotted to him and he has loaded same, or his order therefor has been cancelled, he may again order another car and sign the car order book as aforesaid, and so on until his requirements have been filled. (Part s. 189, Amended.)

(2) No applicant shall have more than one unfilled order on the car order book at any one time. (S. 189, clause (c), Amended.)

189. When the car has been furnished the railway agent shall duly enter in ink in the car order book

(a) the date and time when the car was furnished;

(b) the car number; and

(c) when loaded, the date of such loading and the destination of the car. (S. 184, ss. 3, Amended.)

190. The Board may, with the approval of the Governor in Council, by regulation, modify any of the provisions of this Part in such manner as may be deemed advisable for the purpose of more fully protecting the interests of the producers of grain, and of facilitating the distribution of cars without discrimination as between producer, country elevator or otherwise. (New.)

191. (1) Everyone who

(a) not being entitled thereto, orders a car for shipping grain;

(b) orders for any fictitious person, or for any person who is not entitled thereto, a car for shipping grain;

(c) has at any time more than one unfilled order on a car order book, or has at any time an unfilled order for a car for the shipment of the same grain on more than one car order book

is guilty of an offence, and liable, on summary conviction, to a penalty of not less than twenty-five dollars, nor more than two hundred dollars, and in default of payment, to imprisonment for not less than one month, nor more than two months. (New.)

(2) The magistrate before whom such person is convicted, shall upon the application of the informant, or any producer of grain, issue and deliver to the applicant therefor, a certificate of such conviction, and the railway agent having the custody of the car order in respect of which the said conviction is made, shall upon such certificate being filed with him, forthwith cancel the said order. (New.)

(3) The Board may order that any entry in the car order book, found upon investigation to have been made contrary to the provisions of the act or regulations shall be stricken out of the said book and the railway agent in charge of the book shall forthwith execute such order of the Board. (New added in Committee.)

(4) No cancellation of a car order by a railway agent shall be lawful, unless such cancellation is made in the manner provided in section 185, or in this section. (S. 183, ss. 4, Amended.)

Provided however that the Board may order the restoration to the car order book of any order cancelled by the railway agent contrary to the provisions of the Act. Such restored order shall be given, as nearly as may be possible, the same order of precedence as it would have enjoyed if such cancellation had not been made. (New added by the Committee.)



Section 231 shall be struck out, and the following substituted therefor.

231. (1) Everyone who contravenes any provision of this Part or any regulation made thereunder, except with respect to the matters enumerated in section 191 of the Act is guilty of an offence and liable, on summary conviction, to a penalty of not less than twenty-five dollars for the first offence, a penalty of not less than two hundred and fifty dollars or two months in jail for a second offence, and to a penalty of not less than five hundred dollars or three months in jail for a third or subsequent offence. (S. 231, ss. 1, Amended by Committee.)

"D"

# ORDER FOR A CAR

(S 179)

.....Railway Company, Order No. ....Station,  
Date ....., 19..... Time.....  
o'clock in the..... noon.

I hereby make application for one railway car of tons capacity, to be furnished to..... of.....  
(hereinafter called the "Applicant"), and placed at the.....  
at.....to be loaded with.....

The said grain was grown on Section.....in Township.....  
in Range....., .....of the.....Meridian.

And I do declare:—

1. That the above named applicant is now the actual owner of a carlot of grain of the kind above designated, and in my belief that said grain will be in a position to load by the time the said car can be furnished to such applicant.

2. That the said applicant has not on any other car order book at this time any unfilled order for a car for the shipment of grain grown on the said land.

.....  
(Signature of applicant or his agent  
duly appointed in writing)

.....  
(Address of person signing this order)

I hereby sign this order on behalf of the railway company above named, and acknowledge receipt thereof on the date, and at the time above named.

.....  
(Signature of Railway Agent)

The aforesaid order was duly filled on the.....day of.....  
19 ..... at ....., .....by supplying to  
the applicant, car No..... which was loaded on the.....  
day of..... 19.....and billed out to.....

.....  
(Signature of Railway Agent)

## Order Points

That subsection 2 of section 193 be repealed and the following substituted therefor:

(2) To the extent to which any provisions of subsection one of this section are stated therein to apply to Winnipeg or St. Boniface, such provisions shall also, to the like extent, apply to Calgary, Edmonton, Fort William, *Moose Jaw and Saskatoon*, and in every such case, wherever the words "Winnipeg," "Winnipeg-St. Boniface" or "Winnipeg or St. Boniface" occur, the said subsection shall be read as if the words "Calgary," "Edmonton," "Fort William," "*Moose Jaw*" or "*Saskatoon*" severally, as the case may be, were inserted instead of the word "Winnipeg" or the words "Winnipeg-St. Boniface" or "Winnipeg or St. Boniface."

*Commissioners—Assistant Commissioners*

1. Section 2 of the Canada Grain Act is amended by inserting immediately after paragraph (d) thereof the following paragraph:—

"(d) 1. 'Assistant Commissioner' means an Assistant Commissioner appointed under this Act."

2. Section 4 of the said Act be amended by striking out the word "ten" in the second line of subsection 8 thereof and substituting therefor the word "twelve", and by striking out the word "eight" in the third line thereof and substituting therefor the word "ten".

3. The said section 4 be further amended by inserting immediately after subsection 8 thereof the following subsection:—

(1) 8A. There shall be four Assistant Commissioners who shall be appointed by the Governor in Council and who shall be paid such annual salaries as are fixed by the Governor in Council. Such Assistant Commissioners shall hold office during the pleasure and shall be deemed to be officers of the Board.

(2) One Assistant Commissioner shall have headquarters in the Province of Alberta, one in Saskatchewan, one in Manitoba, and one at the head of the Lakes.

4. Section 7 of the said Act be amended by striking out the words "the secretary" wherever they appear therein, and by substituting the words "the Assistant Commissioners".

5. Section 8 of the said Act be amended by inserting after the word "Commissioners" in the first line thereof the words "the Assistant Commissioners", and the form of oath be amended accordingly.

6. Section 11 of the Act be amended by adding after the word "Commissioner" in the first line thereof the words, "or Assistant Commissioner".

7. The said Act be further amended by inserting immediately after section 11 thereof the following section:—

11A. Subject to the provisions of subsection 3 of this section, each of the Assistant Commissioners shall have the like powers and duty to receive and investigate complaints and make findings thereon, as by the Act is given to and imposed upon the Board or any Commissioner, and in addition thereto shall exercise and perform such other powers and duties of the Board or of a Commissioner as the Board with the approval of the Governor in Council may authorize.

(2) The Board may with the approval of the Governor in Council vary or rescind any authority by the Board conferred on any of the said Assistant Commissioners.

(3) There shall be an appeal to the Board within fifteen days by any person dissatisfied with a decision of an Assistant Commissioner.

(4) The Board may make regulations governing such appeals.

### *Forms*

Your Committee recommends that section 225 of the Act be amended by striking out the words "in case any such forms are applicable", in the fourth line thereof.

### *Tickets and Receipts*

1. Section 170 of the said Act is amended by adding thereto the following subsections:—

(4) The Board shall, upon payment therefor, supply or authorize any person or persons to supply tickets or receipts to the owners or operators of country elevators, and no such owner or operator shall issue or use any other ticket or receipt than that so supplied or authorized to be supplied.

2. Section 225 of the said Act is repealed and the following is substituted therefor:—

225. Any person who issues any ticket or receipt in any form other than that prescribed in the first schedule to this Act or that authorized by the Board with the approval of the Governor in Council, or who issues or uses any ticket or receipt not supplied or authorized to be supplied pursuant to section 170 of this Act shall be guilty of an offence and shall be liable, upon summary conviction, to a fine of not less than two hundred dollars and not more than five hundred dollars or to forfeiture of his license, or to both fine and forfeiture.

3. Subsection 4 of Section 170 of the Act shall come into force on a day to be fixed by proclamation of the Governor in Council and no prosecution shall be instituted for the issue or use of any ticket or receipt not supplied or authorized to be supplied pursuant to the said subsection 4 until the said subsection has come into force.

### *Sampling Outgoing Cargoes at Montreal*

Your Committee recommends that the inspection officers of the Board continue and extend the practice presently in force of drawing samples of all cargoes of grain moving out of the ports of Montreal, Quebec, Halifax and St. John, destined for overseas.

### *Handbook*

Your Committee recommends that the Board compile, print and distribute a handbook of useful information to the public, the producer and the trade, containing a synopsis of the Act and the Regulations made thereunder, the statutory definitions of the grades, forms and such other matter as the Board may consider desirable.

### *Revision and Consolidation of the Act*

Your Committee recommends that the Canada Grain Act be completely revised and consolidated at the next session of Parliament.



*Grading of Oats*

Your Committee recommends:—

That in the grading of oats grown in the Western Inspection Division the Inspecting Officers place a dockage for the removal of small weed seeds instead of reducing the grade on account of the inclusion of such seeds.

*Licensing of Operators of Country Elevators*

Your Committee recommends:—

That the Board take into consideration the Report of the Brown Royal Commission in respect to the licensing of operators of Country Elevators and to recommend amending legislation or otherwise as may to the Board seem advisable.

*Inspection at Transfer Elevators*

Your Committee recommends that the Board of Grain Commissioners should carefully enquire into the advisability of placing inspectors at all transfer elevators between the head of the lakes and the seaboard to prevent any mixing of grain so that the quality and condition of grades as fixed by final inspection would be maintained.

And also enquire into the advisability of establishing inspection of all grain cargoes out of Canadian seaboard points and report their findings to the Minister before the next session of Parliament.

*Bill*

Your Committee recommends that a Bill incorporating all of the recommendations in this Report requiring legislative sanction be prepared and introduced in the House forthwith and be passed at the present Session.

*Printing of Evidence*

Your Committee recommends:—

That 10,000 copies in English and 1,000 in French of this Report and the evidence taken by the Committee be printed in Blue Book Form, and that Standing Order 64 be suspended in relation thereto.

A copy of the Minutes of Procedure and Evidence is appended hereto for the information of the House.

W. F. KAY,  
Chairman.

## FOURTH REPORT

(COMPONENT PARTS)—(SEE PREFATORY NOTE)

### PART I.—Recommendations incorporated in Chapter 9, An Act to Amend the Canada Grain Act.

1. That the following recommendations submitted by the Board of Grain Commissioners by way of amendments to the Canada Grain Act, be adopted namely:—

That,

Section 5 be amended by deleting the word “monthly” and substituting therefor the word “semi-monthly”.

Section 6 be repealed and the following section substituted therefor:—

“The head office of the Board shall be located at such place as the Board may decide, and the Board may from time to time establish offices of the Board at other places.”

Section 20 be amended by adding thereto the following words:—

“and may make rules and regulations for the handling of grain in any manner whatever.”

Section 29 be amended by adding thereto the following words:—

“The premiums assessed for such security shall be paid by the Board.”

Section 34 be amended by striking out the words “Chief Inspector” in the fourth line thereof and substituting the following words “inspector in charge”.

Section 55 be amended by adding thereto the following words:—

“and the premiums assessed for such guarantee bond shall be paid by the Board.”

Paragraph 6 of Section 116 be amended by striking out the words, “the opening of navigation,” and substituting therefor, “granting a license.”

### *Complaints*

2.

That,

Subsection (1) of Section 108—Subsection (1) of Section 109—Subsection (4) of Section 114 be severally amended by striking out the words “under oath” where such words appear therein.

That,

Subsection (1) of Section 203 be amended by striking out the words “verified by affidavit or statutory declaration” in the sixth and seventh lines thereof.

That,

A new Section 108A be added:—

108A. Notwithstanding anything to the contrary in the Act contained, the Board may require that any complaint in writing shall be verified by the complainant by affidavit.

### *Powers of Board to Assess Loss and Damage*

3. Your Committee recommend that the Act be amended by adding there-to the following section:—

18A. (1) Notwithstanding anything to the contrary in this Act contained, the Board may either upon complaint made or without complaint, investigate under oath, any matter which the Act provides shall or may be investigated by the Board, with power to assess loss and damage and the finding of the Board certified by the Seal of the Board and by the Chairman and the Secretary

thereof shall be final and shall be enforceable in any court of competent jurisdiction, unless an appeal from such finding shall be taken as in the next subsection provided.

(2) The person awarded damages or the person against whom damages are assessed may within thirty days of the date of the finding of the Board enter an appeal in the District or County Court of the judicial district in which the person entering such appeal resides.

(3) The Governor in Council may make such rules of practice and procedure for the proper conduct of such investigation as to him seems advisable.

#### *Standards—Standards Boards*

4. Your Committee recommends the Constitution of the Standards Boards on a different basis from that heretofore prevailing and that such Board be empowered to finally fix the Standard Samples for all Grades and not for Commercial Grades only.

That,

The Act be amended in the following respects to provide for such recommendations,

That,

Section 32 of the Act be repealed and the following substituted therefor:—

32. The Chief Inspector shall direct the inspectors of the several divisions and districts to collect as early as may be possible and advisable, samples of grain of the current year's crop and from such samples the Chief Inspector shall select samples as and for the Statutory Grades of grain which, when approved by the Standards Board shall be, and be known as Statutory Grades Standards.

That,

Sections 40, 41 and 42 of the Act be repealed and the following substituted therefor:—

40 (1) There shall be for the Western Inspection Division a Board to be known as the Western Grain Standards Board or Standards Board appointed by the Board of Grain Commissioners, which shall consist of the Commissioners, the Chairman of the Boards of Grain Appeal, the Chief Inspector, the Chief Chemist of the Board and the Dominion Cerealists, as ex-officio members, together with 1 representative of the millers, 4 representatives of the producers of Alberta, 5 representatives of the producers of Saskatchewan, 3 representatives of the producers of Manitoba and 1 representative of the producers of British Columbia.

Provided that in the event of the said aforementioned persons or any of them being unable or refusing to act as members or attend any meeting of the Standards Board, the Board shall appoint a sufficient number of other persons within the class of persons by this subsection named to be members in the place and stead of said persons. Provided, however, that the representation on the Standards Board of the several classes hereinbefore named shall always be maintained.

(2) Every member other than the ex-officio members, before acting as such, shall take an oath of office in such form as may be prescribed by the Board.

(3) The members shall be appointed each year not later than the first day of July and shall hold office until the thirtieth day of June of the year next following.

(4) At any meeting of the Standards Board two-thirds of the members of the said Board shall constitute a quorum.

(5) The Standards Board shall meet at such times and places as the Board shall direct.



(6) Notice of the meetings of the Standards Board shall be given by the Board to the members by registered post or by telegram.

(7) Members shall be paid their actual transportation expenses to and from the meetings of the Standards Board and a per diem allowance of twenty dollars while so travelling and while in attendance at Board meetings. Provided, however, that the per diem allowance shall not be paid members who may be officers or employees of the Dominion Government.

41. Official Standards shall not be finally established by the Standard Board until the Chief Chemist of the Board or his assistant has reported on their milling and baking value.

42. (1) The Standards Board shall establish standards which, when made to apply to grades other than the Statutory Grades, shall be and be known as Commercial Grades Standards.

(2) The Board may at any time authorize and direct the Standards Board to establish standards of grain typical of the grain passing to Pacific ports to govern the inspection and grading of such grain.

42A. In the inspection of grain of commercial grades, inspection officers shall be governed by Commercial Grades Standards.

42B. In the inspection of grain of statutory grades inspection officers shall be governed by the Standard samples except where there is a variation between such samples and the definitions of grades under the Act in which case grain carrying the statutory minimum weight per bushel and the statutory minimum percentages and in all other respects up to the said samples, shall be given a grade equal to the grade represented by the said Standard sample.

42C. The Chief Inspector shall distribute portions of all standard samples to such persons as the Board may direct and inspectors shall upon request furnish standard samples certified in writing over their hands as being samples of the official standard of a specified grade. For all such samples, inspectors shall charge and collect such fee as may be fixed by the Board.

### *Warehouse Receipts*

That Subsections (1) and (2) of Section 150 be struck out and the following substituted therefor:—

(1) The operator of any country elevator shall deliver to any person actually delivering grain for storage or shipment a warehouse receipt or receipts *in the name of the individual, or jointly in the name of two or more individuals, designated by the person actually delivering the grain.* Such receipt or receipts shall be dated the day the grain was received and specify,

(a) the gross and net weight of such grain;

(b) the dockage for dirt or other cause;

(c) the grade of such grain when graded conformably to the grade fixed by law and in force at terminal points; and

(d) that the grain mentioned in such receipt has been received into store.

(2) Such receipt shall also state upon its face that the grain mentioned therein has been received into store, and that upon the return of such receipt, and upon payment or tender of payment of all lawful charges for receiving, storing, insuring, delivering or otherwise handling such grain, which may accrue up to the time of the return of the receipt, the grain is deliverable to the individual or individuals named in the said *warehouse receipt*, or to his or their order, from the country elevator where it was received for storage, or, if he so desires, in quantities not less than carload lots, on track at any terminal elevator in the Western Inspection Division or at a proper terminal elevator at or adjacent to Duluth, so soon as the transportation company delivers the same at such terminal, and the certificate of grade and weight is returned.

That section 2 be amended by adding thereto paragraph (ff) the following:—

(ff) "Owner," for the purpose of the provisions of this Act with respect to the issue of warehouse or storage receipts, means the person who is entitled to demand the issue of any such receipt to himself or his nominee or, after any such receipt has issued, means the person to whom the grain is deliverable in accordance with the terms thereof. (New.)

### *Appeals*

6. Your Committee recommends a new section 31 to make clear that the definitions of the Statutory Grades shall be the final determining factor on Appeal.

That,

Section 31 of the Act be repealed and the following substituted therefor:—

31. Standard Samples of all grades of grain in use by the inspection department in grading grain shall be supplied by the Chief Inspector to the several Appeal Boards and the said Appeal Boards shall use the said Standard samples in deciding appeals. Provided however, that grain carrying the statutory minimum weight per bushel and the statutory minimum percentages and up to the standard sample in all other respects shall be given a grade equal to the grade represented by the said sample.

Explanatory note: This amendment is proposed for the purpose of bringing the Act into conformity with the prevailing practice in respect to grading grain. The Chief Inspector's evidence is that it is not always possible to prepare standard samples to the minimum of weight and percentage required in the definition of the Act.

### *Barley Grades*

7. Your Committee recommends the adoption of the revised definitions of Barley Grades as submitted by sub-Committee on Grading of the National Barley Committee and that Section 96 of the Act be amended and the new definitions of Grades be substituted therefor.

That,

Section 96 of the Act be amended by striking out the definitions under the word "barley" and substituting the following therefor:—

Grades Nos. 1, 2 and 3 extra, C.W. Barley shall apply to barley that is of good utility value for malting purposes and for these grades "sound" shall mean free from frosted, sprouted, heated, musted, or artificially dried grain, and shall be practically free from broken, skinned or otherwise damaged grain.

### *Six-Row Barley*

No. 1 Canada Western Six-Row Barley shall be composed of 95 per cent six-row barley of one variety or type, and equal in value for malting purposes to O.A.C. 21. It shall be sound, clean, practically free from other grain, plump, bright and weigh not less than 50 pounds to the bushel.

No. 2 Canada Western Six-Row Barley shall be composed of 95 per cent six-row barley of one variety or type and equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, free from other grains but not plump or bright enough to be graded No. 1, and shall weigh not less than 49 pounds to the bushel.

No. 3 Extra Canada Western Six-Row Barley shall be composed of 90 per cent six-row barley equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, reasonably free from other grain, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

*Two-Row Barley*

No. 1 Canada Western Two-Row Barley shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, clean, practically free from other grain, plump, bright and shall weigh not less than 52 pounds to the bushel.

No. 2 Canada Western Two-Row Barley shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but not plump or bright enough to be graded No. 1. and shall weigh not less than 50 pounds to the bushel.

No. 3 Extra Canada Western Two-Row Barley shall be composed of 90 per cent two-row barley equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

*Trebi Grades*

No. 1 Canada Western Trebi Barley shall be composed of 95 per cent Barley of Trebi type, shall be plump, bright, sound, practically free from other grain and weighing not less than 50 pounds per measured bushel.

No. 2 Canada Western Trebi Barley shall be composed of 95 per cent Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grains, but not bright or plump enough to be graded No. 1 and weighing not less than 49 pounds per measured bushel.

No. 3 Extra Canada Western Trebi Barley shall be composed of 90 per cent of Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grain, but may include weather stained barley and weigh not less than 48 pounds per measured bushel.

*Feed Barleys*

No. 3 Canada Western Barley shall be barley composed of any variety or type of combination of varieties or types, shall be sweet, reasonably clean and reasonably free from all other grains, may include weather stained, immature, shrunken, slightly frosted and otherwise damaged barley and shall not weigh less than 47 pounds to the bushel.

No. 4 Canada Western Barley shall be barley composed of any variety or type or combination of varieties or types, shall be sweet, and may include damaged or stained barley and shall not weigh less than 46 pounds to the bushel.

No. 5 Canada Western Barley shall include damaged and badly weathered barley and shall not weigh less than 42 pounds to the bushel.

No. 6 Canada Western Barley shall include all barley excluded from the preceding grades on account of weight or admixtures.

Barley inspected as "No grade," "Tough," or "Damp," and artificially dried, shall not be graded higher than No. 3 Canada Western Barley.

*Prohibition of Mixing*

Your Committee recommends that legislation be enacted at the present Session prohibiting in any manner whatsoever the mixing of the Statutory Grades of Red Spring Wheat, and that such legislation shall come into force and effect on the first day of August, 1930.

Your Committee also recommends that the Board be advised to pass such regulations and provide such staff as may be required for the enforcement of the said prohibition of mixing.



*Outturn Standards*

Your Committee recommends that the standard for the grading out of all elevators, except country elevators, of all Statutory and Commercial Grades of Red Spring Wheat shall be a composite sample equal to 75 per cent of the average quality of the grade and 25 per cent of the minimum quality of such grade at the primary inspection point, and that the legislation enacting this provision shall become operative on the first day of August, 1929. Such outturn standards shall be set by the Standards Board.

In respect to the aforementioned recommendations on the prohibition of mixing of grades and in respect to Outturn Standards your Committee recommend that the Board be instructed to make a careful study of the effect of the carrying out of the said recommendations in the first year thereof, and report to the Ministry their findings and recommendations as to the advisability of continuing, extending or modifying such provisions.

*Cars and Car Order Book*

10. Your Committee recommends the adoption of the following car order book provisions, being the recommendations of the Brown Royal Commission as revised by your Committee.

Sections 179 to 191 (both inclusive) shall be struck out, and the following sections substituted therefor.

179. (1) At each station where there is a railway agent and where the grain is shipped under such agent, an order book for cars shall be kept for each shipping point under such agent in which every order for a car for the shipment of grain from such shipping point shall be entered, and which shall be kept open to the public. (S. 178, ss. 1, Amended.)

(2) The car order shall be in the form D, in the first schedule to this Act. (No change.)

(3) In the case of a flag-station or siding from which grain is shipped, the Board may, in its discretion and for such period or periods as it deems necessary, require the railway company to provide at such flag-station or siding a suitable person whose duties shall be,

(a) To keep open for the use of shippers at all times during the day a car order book, as provided under this Part, in which orders for cars may be entered in accordance with the provisions of this Part;

(b) when the loading of cars is completed, to seal such car or cars;

(c) to provide shippers with the regular form of grain shipping bill; and

(d) when such shipping bill is properly filled out by the shipper, to hand it to the conductor of the train that picks up such car or cars or place it where such conductor may get it. (No change.)

(4) This section shall not apply to a siding used exclusively for the passing of trains. (No change.)

(5) All of the aforesaid car order books shall be supplied by the railway company. (S. 179, ss. 6, Amended.)

(6) Every railway company which fails to supply or keep open for use, a car order book for any such station, flag-station, or siding at the proper place where the same is to be kept under this Part, or which fails to comply with any requirement made by the Board under subsection 3 of this section, is guilty of an offence and liable on summary conviction to a penalty of not less than five hundred dollars nor more than one thousand dollars. (Old ss. 5, Amended.)

(7) Every railway agent or employee who refuses to use or fails to keep open for use, any car order book supplied to him for any such station, flag-

station, or siding, is guilty of an offence, and liable on summary conviction to a penalty of not less than one hundred dollars, nor more than two hundred dollars. (New.)

180. (1) Every order for a car shall be made by the applicant in person or by his agent duly appointed in writing. (New.)

(2) The agent of the applicant shall be a resident in the vicinity of the shipping point for which the car is ordered, and if the car order is signed by the agent the appointment of such agent shall be forthwith deposited with the railway agent. (S. 181, ss. 2, Amended.)

(3) No person acting in the capacity of a duly authorized agent shall at any one time order a car for more than one applicant and no applicant or agent shall make an entry in the said book until any previous entry made by him or for him shall have been filled or cancelled as hereinafter provided.

(4) Notwithstanding any of the foregoing provisions of this section, an order for a car for a country elevator may be made on behalf of such elevator by the local operator or other person for the time being in charge thereof, and it shall not be necessary for such operator or other person to obtain or file any appointment in writing as aforesaid. (New.)

(5) Applicants or their agents shall be entitled to sign the car order book in the order of their arrival at the place where the said book is kept, without discrimination between producer, country elevator or otherwise. (New.)

181. (1) Every person who is a member of any of the organizations of grain producers known as grain pools, and incorporated by Act of the legislature of any of the provinces of Canada shall, for the purpose of ordering a car or cars for the shipment of grain under the provisions of this Part, be deemed to be the owner of the grain delivered by him to or on account of such organization. (New.)

(2) If a group of two or more producers of grain desire to load a car with grain, part of which belongs to each of them, without bulkheading and without putting such grain through a country elevator, then, notwithstanding any of the provisions of section 180, such group shall for the purpose of ordering a car or cars under the provisions of this Part, be considered as one person, and any member thereof may, upon obtaining from his fellow members and filing with the railway agent on authority in writing so to do, order a car on behalf of such group. (New.)

182. (1) An applicant may order a car according to his requirements of any of the standard sizes in use by the railway company, and may in his order therefor, designate the country elevator, loading platform, siding or other convenient place at which the car so ordered shall, subject to the provisions of this Act, be spotted or placed for him by the railway company. (S. 180, ss. 1 and part s. 186.)

(2) The applicant or his agent duly appointed in writing in the manner aforesaid, shall furnish to the railway agent, for insertion in the car order book, the name and post office address of the applicant, the place where the car is to be placed for loading and the kind of grain to be loaded, and shall in the order for the car declare that the applicant is at the time of the making of such order the actual owner of a carlot of grain of the kind designated in the said order, and that in his belief the said grain will be in a position to load by the time the car can be furnished to him. (S. 181, ss. L, Amended.)

(3) Unless the car is for a country elevator, the applicant or his said agent shall also furnish to the railway agent, for insertion in the car order book, a description by section, township, range and meridian, of the land on which the said grain was grown, and shall also in the order for the car, declare that the applicant has not at the time of the making of such order, any unfilled order for a car for the shipment of grain grown on the said land or on any other car order book. (New.)

(4) Each order shall be made in triplicate and shall be consecutively numbered in the car order book by the railway agent at the time the car is ordered and the said railway agent shall also at the same time fill in all particulars of the application except the applicant's signature, which shall be signed by the applicant or his said agent. (S. 181, ss. 1, Amended.)

183. (1) Each order for a car shall also be personally signed by the railway agent, who shall remove both the duplicate and triplicate from the car order book, and keep the duplicate in a separate file under his own control and give the triplicate to the applicant or to the applicant's agent if the order is made out by an agent. (New.)

(2) If any car order book is lost, destroyed or otherwise disappears, the railway agent shall forthwith prepare a new book, and enter therein all of the orders which have not been filled or cancelled, in the order of priority to which such orders are entitled as shown by the duplicate to orders on his separate file. (New.)

(3) The applicant shall carefully preserve the triplicate of the said order, and if neither the original order book nor the said duplicate orders can be found or produced, the railway agent shall forthwith post up in a conspicuous place in the station or other place where the said book shall be kept and in the nearest post office, written notices that the said book and duplicate orders are missing and that he intends to prepare a new book.

(4) All applicants whose orders were entered in the missing book and have not been filled or cancelled shall thereupon have forty-eight hours within which to produce the triplicates of their said orders to the railway agent who shall, at the expiration of the said period, forthwith prepare a new book and enter therein all orders which have not been filled or cancelled, so far as the same may then be known to him in the order of priority to which such orders are entitled as shown by the triplicate orders so produced to him and shall thereafter, but not before, permit other applicants to enter their orders for cars. (New.)

(5) Subject to the foregoing provisions of this section in the event of any dispute arising as the result of the loss or destruction of the car order book or of any entry therein or entry extracted therefrom or in the event of the neglect or refusal of a railway agent to open a book the Board shall thereupon make such order or take action such as will provide as speedily as possible for the opening of a proper book. (New—added in Committee.)

184. (1) No car shall be furnished to any applicant for the shipment of grain unless the said applicant has first ordered such car in accordance with the provisions of this Part. (New.)

(2) Cars so ordered shall be furnished to applicants according to the order in time in which their orders appear in the car order book, without discrimination as to place of loading between country elevator, loading platform or otherwise. (S. 182, Amended.)

(3) In case the applicant requires any special standard size of car, such size shall be stated by the railway agent in the car order book, and the railway company shall furnish a car of the size so ordered to such applicant in his turn, as soon as the same can be furnished to him by the railway company. (Part s. 180, ss. 1, Amended.)

(4) If any car or cars furnished by the railway company at any station are not of the size required by the applicant first entitled thereto, such applicant shall not lose his priority, but shall be entitled to the first car of the required size which can be furnished to him by the railway company. (Part s. 180, ss. 2, Amended.)

185. (1) Each applicant or agent upon being informed by the railway agent of the allotment to him of a car in good order and condition shall, within three hours, declare his intention and ability to load the said car within the time hereinafter prescribed. (S. 185, ss. 1.)



(2) In the event of such applicant or agent failing so to declare his intention and ability to load the car allotted to him, the railway agent shall thereupon cancel the order by writing in ink across the face thereof the word "Cancelled", and the date of such cancellation, and shall sign his name thereunder. (S. 183, ss. 2, Amended.)

(3) If the applicant, after declaring his intention and ability as aforesaid, shall not have commenced loading the car within twenty-four hours thereafter, the railway agent shall thereupon cancel the order in the manner aforesaid. (S. 183, ss. 3.)

(4) Upon the cancellation of an order under any of the provisions of this section, the railway agent shall award the car in accordance with the following provisions.

(a) If such car has been spotted or placed for loading at the place designated in the order of the applicant next entitled to a car, the said car shall be awarded to such applicant.

(b) If such car has been spotted or placed for loading at some other place, the said car shall, notwithstanding the provisions of section 184, be awarded to the next applicant who has ordered a car to be spotted or placed for loading at the place where such car has been spotted or placed: Provided always that in such cases, no applicant to whom the said car would otherwise have been awarded shall lose his priority, but shall be entitled to the next car of the size ordered by him which can be furnished to him at the place designated in his order. (New.)

186. (1) In the allotting of cars under the provisions of this Part, one car only shall be allotted in each case to the applicant, except in the case of a country elevator, which shall receive two cars on each allotment. (New.)

(2) The Board may in its discretion cancel or suspend the country elevator's privilege of obtaining two cars upon allotment and restrict the said allotment to one car, at any point where, owing to prevailing conditions, it is deemed expedient so to do. (New.)

(3) The Board may, in its discretion, during a car shortage, direct the railways to make an equitable distribution of empty grain cars to all stations or sidings in proportion to the amount of grain available for shipment from such stations or sidings. (S. 190.)

187. (1) Subject to the provisions of this Act, every car shall be spotted or placed for the applicant by the railway company at the country elevator, loading platform siding, or other place designated by the said applicant in his order for such car. (Part s. 186, Amended.)

(2) No car shall be deemed to be furnished to an applicant within the meaning of this Part, until it is spotted or placed for him for loading at the place designated in his order for such car, nor unless it is in a proper condition to receive and carry the kind of grain designated in the said order. (S. 188 and Part s. 182, Amended.)

(3) Each person to whom a car has been allotted under the foregoing provisions shall, before commencing to load it, notify the railway agent of its proposed destination. (S. 187.)

(4) The period of time which shall be allowed for loading a car secured under the provisions of this Part shall be forty-eight hours, except during the months of September, October and November when it shall be twenty-four hours. (S. 191.)

188. (1) When an applicant has loaded a car allotted to him or his order therefor has been cancelled, he shall, if he requires another car, be entitled to again order a car and sign the car order book in manner aforesaid, and when the second car has been allotted to him and he has loaded same, or his order

therefor has been cancelled, he may again order another car and sign the car order book as aforesaid, and so on until his requirements have been filled. (Part s. 189, Amended.)

(2) No applicant shall have more than one unfilled order on the car order book at any one time. (S. 189, clause (c), Amended.)

189. When the car has been furnished the railway agent shall duly enter in ink in the car order book

(a) the date and time when the car was furnished;

(b) the car number; and

(c) when loaded, the date of such loading and the destination of the car (S. 184, ss. 3, Amended.)

190. The Board may, with the approval of the Governor in Council, by regulation modify any of the provisions of this Part in such manner as may be deemed advisable for the purpose of more fully protecting the interests of the producers of grain, and of facilitating the distribution of cars without discrimination as between producer, country elevator or otherwise. (New.)

191. (1) Everyone who

(a) not being entitled thereto, orders a car for shipping grain;

(b) orders for any fictitious person, or for any person who is not entitled thereto, a car for shipping grain;

(c) has at any time more than one unfilled order on a car order book, or has at any time an unfilled order for a car for the shipment of the same grain on more than one car order book

is guilty of an offence, and liable, on summary conviction, to a penalty of not less than twenty-five dollars, nor more than two hundred dollars, and in default of payment, to imprisonment for not less than one month, nor more than two months. (New.)

(2) The magistrate before whom such person is convicted, shall upon the application of the informant, or any producer of grain, issue and deliver to the applicant therefor, a certificate of such conviction, and the railway agent having the custody of the car order in respect of which the said conviction is made, shall upon such certificate being filed with him, forthwith cancel the said order. (New.)

(3) The Board may order that any entry in the car order book, found upon investigation to have been made contrary to the provisions of the Act or regulations shall be stricken out of the said book and the railway agent in charge of the book shall forthwith execute such order of the Board. (New added in Committee.)

(4) No cancellation of a car order by a railway agent shall be lawful, unless such cancellation is made in the manner provided in section 185, or in this section. (S. 183, ss. 4, Amended.)

Provided however that the Board may order the restoration to the car order book of any order cancelled by the railway agent contrary to the provisions of the Act. Such restored order shall be given, as nearly as may be possible, the same order of precedence as it would have enjoyed if such cancellation had not been made. (New added by the Committee.)

Section 231 shall be struck out, and the following substituted therefor.

231. (1) Everyone who contravenes any provision of this Part or any regulation made thereunder, except with respect to the matters enumerated in section 191 of the Act is guilty of an offence and liable, on summary conviction, to a penalty of not less than twenty-five dollars for the first offence, a penalty of not less than two hundred and fifty dollars or two months in jail for a second offence, and to a penalty of not less than five hundred dollars or three months in jail for a third or subsequent offence. (S. 231, ss. 1, Amended by Committee.)

" D "

ORDER FOR A CAR

(S 179)

.....Railway Company, Order No. ....Station,  
Date ....., 19.....Time.....  
o'clock in the.....noon.

I hereby make application for one railway car of tons capacity, to be  
furnished to..... of.....  
(hereinafter called the "Applicant"), and placed at the.....  
at.....to be loaded with.....

The said grain was grown on Section.....in Township.....  
in Range.....of the.....Meridian.

And I do declare:—

1. That the above named applicant is now the actual owner of a carlot  
of grain of the kind above designated, and in my belief that said grain will be  
in a position to load by the time the said car can be furnished to such applicant.

2. That the said applicant has not on any other car order book at this time  
any unfilled order for a car for the shipment of grain grown on the said land.

.....  
(Signature of applicant or his agent  
duly appointed in writing)

.....  
(Address of person signing this order)

I hereby sign this order on behalf of the railway company above named,  
and acknowledge receipt thereof on the date, and at the time above named.

.....  
(Signature of Railway Agent)

The aforesaid order was duly filled on the.....day of.....  
19..... at ....., .....by supplying to  
the applicant, car No..... which was loaded on the.....  
day of..... 19....and billed out to.....

.....  
(Signature of Railway Agent)

Order Points

That subsection 2 of section 193 be repealed and the following substituted  
therefor:

(2) To the extent to which any provisions of subsection one of this  
section are stated therein to apply to Winnipeg or St. Boniface, such provisions  
shall also, to the like extent, apply to Calgary, Edmonton, Fort William,  
*Moose Jaw and Saskatoon*, and in every such case, wherever the words "Win-



nipeg." "Winnipeg-St. Boniface" or "Winnipeg or St. Boniface" occur, the said subsection shall be read as if the words "Calgary," "Edmonton," "Fort William," "Moose Jaw" or "Saskatoon" severally, as the case may be, were inserted instead of the word "Winnipeg" or the words "Winnipeg-St. Boniface" or "Winnipeg or St. Boniface."

*Commissioners—Assistant Commissioners*

1. Section 2 of the Canada Grain Act is amended by inserting immediately after paragraph (d) thereof the following paragraph:—

"(d) 1. 'Assistant Commissioner' means an Assistant Commissioner appointed under this Act."

2. Section 4 of the said Act be amended by striking out the word "ten" in the second line of subsection 8 thereof and substituting therefor the word "twelve", and by striking out the word "eight" in the third line thereof and substituting therefor the word "ten."

3. The said section 4 be further amended by inserting immediately after subsection 8 thereof the following subsection:—

(1) 8A. There shall be four Assistant Commissioners who shall be appointed by the Governor in Council and who shall be paid such annual salaries as are fixed by the Governor in Council. Such Assistant Commissioners shall hold office during the pleasure and shall be deemed to be officers of the Board.

(2) One Assistant Commissioner shall have headquarters in the Province of Alberta, one in Saskatchewan, one in Manitoba, and one at the head of the Lakes.

4. Section 7 of the said Act be amended by striking out the words "the secretary" wherever they appear therein, and by substituting the words "the Assistant Commissioners."

5. Section 8 of the said Act be amended by inserting after the word "Commissioners" in the first line thereof the words "the Assistant Commissioners", and the form of oath be amended accordingly.

6. Section 11 of the Act be amended by adding after the word "Commissioner" in the first line thereof the words, "or Assistant Commissioner".

7. The said Act be further amended by inserting immediately after section 11 thereof the following section:—

11A. Subject to the provisions of subsection 3 of this section, each of the Assistant Commissioners shall have the like powers and duty to receive and investigate complaints and make findings thereon, as by the Act is given to and imposed upon the Board or any Commissioner, and in addition thereto shall exercise and perform such other powers and duties of the Board or of a Commissioner as the Board with the approval of the Governor in Council may authorize.

(2) The Board may with the approval of the Governor in Council vary or rescind any authority by the Board conferred on any of the said Assistant Commissioners.

(3) There shall be an appeal to the Board within fifteen days by any person dissatisfied with a decision of an Assistant Commissioner.

(4) The Board may make regulations governing such appeals.

*Tickets and Receipts*

1. Section 170 of the said Act is amended by adding thereto the following subsections:—

(4) The Board shall, upon payment therefor, supply or authorize any person or persons to supply tickets or receipts to the owners or operators of country elevators, and no such owner or operator shall issue or use any other ticket or receipt than that so supplied or authorized to be supplied.

2. Section 225 of the said Act is repealed and the following is substituted therefor:—

225. Any person who issues any ticket or receipt in any form other than that prescribed in the first schedule to this Act or that authorized by the Board with the approval of the Governor in Council, or who issues or uses any ticket or receipt not supplied or authorized to be supplied pursuant to section 170 of this Act shall be guilty of an offence and shall be liable, upon summary conviction, to a fine of not less than two hundred dollars and not more than five hundred dollars or to forfeiture of his license, or to both fine and forfeiture.

3. Subsection 4 of Section 170 of the Act shall come into force on a day to be fixed by proclamation of the Governor in Council and no prosecution shall be instituted for the issue or use of any ticket or receipt not supplied or authorized to be supplied pursuant to the said subsection 4 until the said subsection has come into force.

## PART 2.—Recommendations concurred in by the House,—not sanctioned by Legislation

### *Protein Content*

9. Your Committee submits the following recommendations on the subject of the protein content of Wheat:—

That pursuant to a request embodied in the Report of the 1928 Select Standing Committee on Agriculture and Colonization, the National Research Council made an exhaustive survey of the United States system of paying premiums for high protein wheat and reflecting the same back to the grower and reported thereon to the Minister.

That your Committee considers this report a very valuable contribution to available data on the protein question and recommends that the National Research Council be requested to adopt such measures as it seems best fitted to bring this report to the attention of, and make it available to interested persons.

That the said report of the National Research Council having suggested further investigation of the export demand for high protein wheat in the major importing countries and your Committee concurring in this view recommend that the National Research Council be requested to conduct a personal survey of the major European markets and report to the Minister before next session of Parliament.

### *Sampling Outgoing Cargoes at Montreal*

Your Committee recommends that the inspection officers of the Board continue and extend the practice presently in force of drawing samples of all cargoes and grain moving out of the ports of Montreal, Quebec, Halifax, and St. John, destined for overseas.

### *Handbook*

Your Committee recommends that the Board compile, print and distribute a handbook of useful information to the public, the producer and the trade, containing a synopsis of the Act and the Regulations made thereunder, the statutory definitions of the grades, forms and such other matter as the Board may consider desirable.

### *Grading of Oats*

Your Committee recommends:—

That in the grading of oats grown in the Western Inspection Division the Inspecting Officers place a dockage for the removal of small weed seeds instead of reducing the grade on account of the inclusion of such seeds.

*Licensing of Operators of Country Elevators*

Your Committee recommends:—

That the Board take into consideration the Report of the Brown Royal Commission in respect to the licensing of operators of Country Elevators and recommends amending legislation or otherwise as may to the Board seem advisable.

*Inspection at Transfer Elevators*

Your Committee recommends that the Board of Grain Commissioners should carefully inquire into the advisability of placing inspectors at all transfer elevators between the head of the lakes and the seaboard to prevent any mixing of grain so that the quality and condition of grades as fixed by final inspection would be maintained.

And also inquire into the advisability of establishing inspection of all grain cargoes out of Canadian seaboard points and report their findings to the Minister before the next session of Parliament.

*Revision and Consolidation of the Act*

Your Committee recommends that the Canada Grain Act be completely revised and consolidated at the next session of Parliament.

*Bill*

Your Committee recommends that a Bill incorporating all of the recommendations in this Report requiring legislative sanction be prepared and introduced in the House forthwith and be passed at the present Session.

*Printing of Evidence*

Your Committee recommends:—

That 10,000 copies in English and 1,000 in French of this Report and the evidence taken by the Committee be printed in Blue Book form, and that Standing Order 64 be suspended in relation thereto.



## MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

TUESDAY, March 12, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding. Members present: Messrs. Bancroft, Benoit, Bock, Brown, Campbell, Carmichael, Coote, Donnelly, Fansher (Last Mountain), Kay, Lucas, McGibbon, McKenzie, Maybee, Miller, Ross (Moose Jaw), Rowe, Senn, Spence, Totzke, Vallance.

The Committee took under consideration an order of reference from the House—"That in the opinion of this House consideration should be given to including protein as a factor in the statutory definitions applying to all contract grades of wheat in the Western inspection division and that this matter, together with its effect on existing methods of inspecting and grading wheat, be referred to the Select Standing Committee on Agriculture and Colonization and report thereon." The meeting then discussed the question of the further consideration of the subject matter of the order of reference.

It was moved by Mr. Ross (Moose Jaw) that the Chairman of this Committee obtain the consent of the House to the enlarging of the reference to include the inspection and grading of grain and any matters relevant thereto.

An amendment was moved by Mr. Campbell "to include the administration of the Grain Act."

The Motion as amended carried.

It was moved by Mr. Fansher (Last Mountain) that the Chairman be instructed to obtain authority to sit while the House is in Session. Motion carried.

It was moved by Mr. Ross (Moose Jaw), seconded by Mr. Coote that the proceedings and evidence taken in this Committee be printed from day to day. Motion carried.

The Committee agreed that a Sub-Committee consisting of the Chairman, Messrs. Vallance and Fansher (Last Mountain) be appointed to arrange for attendance of witnesses. It was further agreed that requests for the attendance of witnesses be presented to the Sub-Committee.

The Committee then adjourned to be reconvened for the consideration of this order of reference at the call of the Chair.

A. A. FRASER,  
*Clerk of Committee.*

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## HOUSE OF COMMONS,

WEDNESDAY, March 13, 1929.

The meeting came to order at 4 o'clock p.m., Mr. Kay presiding.

Members present: Messrs. Benoit, Brown, Campbell, Carmichael, Charters, Coote, Descoteaux, Donnelly, Edwards, Fansher, Garland (Bow River), Howden, Kay, Lucas, McMillan, Millar, Motherwell, Rowe, Senn, Sinclair (Wellington North), Spence, Steedsman, Young.

The chairman outlined the reasons why the report authorized by the committee at the preceeding meeting for the enlargement of the scope of the order of reference had not been submitted by him to the House and submitted a draft amended report which was approved by the committee.

The committee decided to call as witnesses for Tuesday, March 19, Dr. Birchard, Chief Chemist of the Board of Grain Commissioners and T. R. Aitken, Asst. to Dr. Birchard.

The following named gentlemen, representatives of the several wheat pools of Saskatchewan, Manitoba and Alberta, appeared and addressed the committee suggesting amendments to the Canada Grain Act and for the betterment of the administration thereof;

Mr. McPhail, president, Saskatchewan Wheat Pool.

Mr. Burnell, president, Manitoba Wheat Pool.

Mr. Plumer, an officer of the Alberta Wheat Pool.

The committee adjourned till to-morrow, Thursday, March 14, at 11 a.m.

A. A. FRASER,  
*Clerk of Committee.*

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HOUSE OF COMMONS,

THURSDAY, March 14th, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding.

Members present: Messrs. Bancroft, Bouchard, Boulanger, Brown, Campbell, Carmichael, Coote, Denis, Fansher (Last Mountain), Garland (Bow River), Howden, Kay, Lucas, McKenzie, McMillan, Morin (Bagot), Plunkett, Ross (Moose Jaw), Senn, Steedsman.

The Committee took under consideration the question of the Grading of Barley.

Dr. L. H. Newman, Dominion Cerealist, Chairman of several important Sub-Committees of the National Barley Committee was called and reviewed the Barley situation as it exists in Canada. He stated that the National Barley Committee were of the opinion that the whole situation would be improved materially if the grades of barley were amended and submitted the following draft of a number of Barley Grades which would constitute an improvement over grades as they now exist in the Canada Grain Act.

## SUGGESTED BARLEY GRADES

### MALTING GRADES

*No. 1 Canada Western 6 Row Barley* shall be composed of 95 per cent 6 Row Barley of the same variety or type, and of equal value for malting purposes to O.A.C. No. 21, shall be plump, bright, sound, clean, practically free from other grain and weighing not less than 48 pounds per measured bushel.

*No. 2 Canada Western 6 Row Barley* shall be composed of 95 per cent 6 Row Barley of the same variety or type, and equal in value for malting purposes to O.A.C. No. 21, shall be reasonably clean, sound, reasonably free from other grain, but not bright or plump enough to be graded No. 1, weighing not less than 48 pounds per measured bushel.

*No. 3 Extra Canada Western 6 Row Barley* shall be composed of 90 per cent 6 Row Barley equal in malting value to O.A.C. No. 21, shall be reasonably clean, sound and reasonably free from other grain, may include weather stained Barley and weigh not less than 48 pounds per measured bushel.

*No. 1 Canada Western 2 Row Barley* shall be composed of 95 per cent 2 Row Barley of the same variety or type and of equal value for malting purposes to Canadian Thorpe, shall be plump, bright, sound and clean, practically free from other grain, weighing not less than 50 pounds per measured bushel.

*No. 2 Canada Western 2 Row Barley* shall be composed of 95 per cent 2 Row Barley of the same variety or type and of equal value for malting purposes to Canadian Thorpe, shall be reasonably clean, sound, reasonably free from other grain, but not bright or plump enough to be graded No. 1, weighing not less than 50 pounds per measured bushel.

*No. 3 Extra 2 Row Barley* shall be composed of 90 per cent 2 Row Barley equal in malting value to Canadian Thorpe, shall be reasonably clean, sound, reasonably free from other grain, may include weather stained Barley, and weigh not less than 50 pounds per measured bushel.

### TREBI GRADES

*No. 1 Canada Western Trebi Barley* shall be composed of 95 per cent Barley of Trebi type, shall be plump, bright, sound, clean, practically free from other grain and weighing not less than 45 pounds per measured bushel.

*No. 2 Canada Western Trebi Barley* shall be composed of 95 per cent Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grains, but not bright or plump enough to be graded No. 1, weighing not less than 48 pounds per measured bushel.

*No. 3 Extra Canada Western Trebi Barley* shall be composed of 90 per cent Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grain, but may include weather stained Barley and weigh not less than 48 pounds per measured bushel.

### FEED GRADES

*No. 3 Canada Western Barley* shall be Barley which is not pure enough as to variety or free enough from other grain to be classed in the preceding grades. It shall be reasonably clean and weigh not less than 45 pounds per measured bushel.

*No. 4 Canada Western Barley* shall include damaged Barley, weighing not less than 42 pounds per measured bushel. It may contain 15 per cent Wild Oats or Wild Oats and Seeds, or 10 per cent of other domestic grain; it shall not contain more than 3 per cent of Seeds.



*Feed Barley* shall include all Barley excluded from the preceding grades on account of light weight or mixtures. It may contain 25 per cent of Wild Oats or Wild Oats and Seeds or 20 per cent of other domestic grain; it shall not contain more than 5 per cent Seeds.

NOTE.—All Barley classed as “No Grade” Tough or Damp and artificially Dried shall not be graded higher than No. 3 Canada Western Barley.

The following named gentlemen appeared and addressed the Committee:—

Mr. Folliott, Manitoba Pool Official.

Dr. Grisdale, Deputy Minister of Agriculture.

Mr. Burnell, President of the Manitoba Pool.

Mr. C. D. McFarland, Canada Malting Company.

After lengthy discussion and consideration of the draft amendments it was moved by Mr. Coote, seconded by Mr. Garland (Bow River), that the definitions of the grades of barley under the Act be amended to read as follows:—

## BARLEY GRADES

### SIX-ROW BARLEY

*No. 1 Canada Western Six-Row Barley* shall be composed of 95 per cent six-row barley of one variety or type, and equal in value for malting purposes to O.A.C. 21. It shall be sound, clean, practically free from other grain, plump, bright and weigh not less than 49 pounds to the bushel.

*No. 2 Canada Western Six-Row Barley* shall be composed of 95 per cent six-row barley of one variety or type and equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, reasonably free from other grains but not plump or bright enough to be graded No. 1, and shall weigh not less than 48 pounds to the bushel.

*No. 3 Extra Canada Western Six-Row Barley* shall be composed of 85 per cent six-row barley equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, reasonably free from other grains, but may include weather stained and slightly shrunken barley and shall weigh not less than 47 pounds to the bushel.

### TWO-ROW BARLEY

*No. 1 Canada Western Two-Row Barley* shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, clean, practically free from other grain, plump, bright and shall weigh not less than 50 pounds to the bushel.

*No. 2 Canada Western Two-Row Barley* shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but not plump or bright enough to be graded No. 1, and shall weigh not less than 49 pounds to the bushel.

*No. 3 Extra Canada Western Two-Row Barley* shall be composed of 85 per cent two-row barley equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

TREBI BARLEY

*No. 3 Extra Canada Western Trebi Barley* shall be composed of 85 per cent barley of Trebi type. It shall be sound, reasonably clean, reasonably free from other grain, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

*No. 3 Canada Western Barley* shall be barley composed of any variety or type or combination of varieties or types, shall be reasonably clean and reasonably free from all other grains, may include weather stained and slightly shrunken but sound barley and weigh not less than 45 pounds to the bushel.

*No. 4 Canada Western Barley shall be Barley* composed of any variety or type or combination of varieties or types and may include all damaged barley weighing not less than 42 pounds to the bushel.

Carried.

The Committee adjourned until 4 p.m. in the afternoon.

A. A. FRASER,  
*Clerk of Committee.*

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HOUSE OF COMMONS,

THURSDAY, March 14, 1929.

The meeting came to order at 4 p.m., Mr. Kay presiding.

*Members present:* Messrs. Bancroft, Benoit, Brown, Carmichael, Coote, Donnelly, Dubuc, Fansher (Last Mountain), Garland (Bow River), Howden, Kay, Lucas, McKenzie, McMillan, McPhee, Millar, Morin (Bagot), Ross (Moose Jaw), Steedsman, Totzke, Tummon, Vallance, Young (Saskatoon).

The Committee took under consideration the subject of mixing grains.

Mr. Ben Plumer, Alberta Wheat Pool Executive, representing the President of the Pool, was recalled and answered questions by Committee members regarding the mixing of grain at terminal elevators.

Mr. R. H. Milliken, K.C., of Regina, Solicitor for the Saskatchewan Pool appeared and addressed the Committee on Hybrid Tickets and Car Order Books. He agreed to file certain documents referred to in his evidence.

Mr. T. J. Murray, Solicitor for the Manitoba Pool, was called and spoke very briefly agreeing with the observations of Mr. Milliken.

Mr. McPhail was recalled and discussed the reorganization of the Board of Grain Commissioners.

The Committee then adjourned till Tuesday 11 a.m., March 19th.

A. A. FRASER,  
*Clerk of Committee.*

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## HOUSE OF COMMONS,

TUESDAY, March 19, 1929.

The committee came to order at 11 a.m., Mr. Kay presiding.

*Members present:* Messrs. Anderson, Bancroft, Bowen, Brown, Campbell, Carmichael, Caley, Charters, Coote, Donnelly, Fansher, Garland (Bow River), Kay, Lucas, McKenzie, Millar, Motherwell, Plunkett, Senn, Sinclair, Spence, Steedsman, Totzke, Tummon, Vallance.

Dr. Tory, chairman of the National Research Council, appeared and explained briefly the purport of the Report tabled in the House on March, 18, namely: "Interim Report on protein content as a factor in grading wheat, prepared on behalf of the National Research Council of Canada and the Board of Grain Commissioners for Canada by the Associate Committee on Grain Research of the National Research Council of Canada."

Mr. Millar moved that the National Research Council be requested to have printed 5,000 copies of the aforementioned Report for distribution.

Motion carried.

Dr. F. J. Birchard, chief chemist of the Board of Grain Commisisoners, was called and addressed the committee in regard to his Report on the Milling and Baking Characteristics of the 1928-29 Crop, and exhibited a number of loaves of bread, baked in his laboratory, from various grades and mixtures of wheat. (See Report in Appendix hereto.)

The witness was subjected to examination generally, on the subject of reference before the committee, re the grading and inspection of wheat, with particular reference to grading on the basis of Protein Content.

Mr. T. R. Aitken, chemist assistant to Dr. Birchard, also appeared and answered questions submitted by several members of the committee.

The committee adjourned till Wednesday, March 20, at 11 a.m., when Dr. Birchard and Dr. Newman, Dominion Cerealists will attend.

A. A. FRASER,

*Clerk of the Committee.*

## HOUSE OF COMMONS,

WEDNESDAY, March 20, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding.

*Members present:*—Messrs.: Anderson (Halton), Bancroft, Benoit, Boulanger, Bowen, Brown, Carmichael, Coote, Denis, Descoteaux, Donnelly, Fansher (Last Mountain), Kay, Lucas, McKenzie, McMillan, Maybee, Millar, Motherwell, Senn, Sinclair (Wellington North), Spotton, Steedsman, Totzke, Vallance.

Dr. Birchard was recalled and continued his address to the Committee regarding his Report on the Milling and Baking Characteristics of the 1928-29 Crop.

The witness was further examined on the subject of the reference before the Committee, namely, The Grading and Inspecting of Wheat.

Mr. T. R. Aitken, assistant to Dr. Birchard, also answered a number of questions submitted by various members of the Committee.

Dr. Newman was recalled and addressed the Committee on the Growing and Testing of New Varieties of Wheat. He submitted for printing in the Proceedings of the Committee an Analytical Report based on official samples received from the Western Inspection Division, Winnipeg; also a report dealing with "Varieties Found in Standard Wheat Grades with Percentage of Each Found."



Mr. Donnelly proposed that Hon. Mr. Motherwell, Minister of Agriculture be requested to appear before the Committee at a subsequent meeting. Carried.

It was also agreed that Mr. A. J. Sproule, La Fleche, Sask., who had prepared a report for the Wheat Pool, be requested to appear before the Committee.

Dr. Birchard suggested that he submit Tables and Conclusions regarding the Exhibit of Bread, which met with the approval of the Committee.

The Committee adjourned to examine various exhibits. The next meeting will be held on Thursday, March 21, at 11 a.m., when Dr. Ruddick, Dairy Commissioner, will attend.

A. A. FRASER,  
*Clerk of Committee.*

HOUSE OF COMMONS,

TUESDAY, April 9, 1929.

The committee came to order at 11 o'clock a.m., Mr. Kay presiding.

*Members present:* Messrs. Bock, Cayley, Charters, Coote, Descoteaux, Donnelly, Edwards, Fansher, Forke, Glen, Kay, Lucas, Malcolm, McKenzie, McMillan, McPhee, Millar, Motherwell, Ralston, Senn, Sinclair (Queens), Stewart, Totzke, Vallance, Young.

The Chairman informed the committee that as a rule of procedure witnesses would henceforth be sworn.

The Chairman advised the committee that the following named persons had been notified to attend as witnesses before the committee on the 10th inst. namely: George Searls, Winnipeg, D. McRae, Regina, J. Wellbelove, Saskatoon, and W. J. Rutherford, Saskatoon.

Replies had been received from Mr. Searls and Mr. Wellbelove that they would be in attendance on the 10th inst.

Mr. McRae had wired that owing to the illness of his wife he would not be able to attend. Mr. Rutherford wired that owing to pressure of business and his connection with the Royal Grain Commission it would not be expedient or proper that he should attend as a witness before this committee.

Mr. A. F. Sproule of Lafleche, Saskatchewan, was then called and sworn.

The witness addressed the committee at length and at one o'clock adjournment was taken till 8 o'clock p.m. when the witness is again to appear for further examination.

The committee re-convened at 8 o'clock, Mr. Kay in the Chair.

Mr. A. F. Sproule was re-called and concluded his evidence at 10.30 p.m.

The committee then adjourned till Wednesday, April 10th at 11 a.m.

A. A. FRASER,  
*Clerk of Committee.*

HOUSE OF COMMONS,

WEDNESDAY, April 10, 1929.

The Committee came to order at 11 a.m., Mr. Kay presiding.

Members present: Messrs. Bancroft, Bock, Bowen, Campbell, Carmichael, Cayley, Coote, Fansher, Garland (Bow River), Howden, Kay, Malcolm, McMillan, Millar, Motherwell, Sinclair (Queens), Sinclair (Wellington North), Spotton, Steedsman, Stewart, Totzke, Vallance.

John Wellbelove of Eston, Saskatchewan, a member of the Standards Board was called, sworn, examined and retired.

The Committee adjourned to the call of the chair.

A. A. FRASER,

*Clerk of Committee.*

HOUSE OF COMMONS

THURSDAY, April 11, 1929.

The committee came to order at 4 o'clock p.m., Mr. Kay presiding.

*Members present:* Messrs. Bancroft, Bock, Cayley, Donnelly, Forke, Garland (Bow River), Howden, Kay, Lucas, Malcolm, McMillan, Millar, Motherwell, Sinclair (Queens), Steedsman, Stewart, Totzke, Vallance.

George Serls, a member of the Standards Board, was called, sworn and submitted to examination.

The committee adjourned at 5 o'clock till Friday, April 12, at 11 a.m.

A. A. FRASER,

*Clerk of Committee.*

HOUSE OF COMMONS,

FRIDAY, April 12, 1929.

The Committee came to order at 11 o'clock a.m., Mr. Kay in the chair.

*Members present:* Messieurs Bock, Cayley, Coote, Donnelly, Dunning, Fansher, Garland (Bow River), Gardiner, Kay, Lucas, Malcolm, McKenzie, McMillan, Millar, Motherwell, Ralston, Senn, Sinclair (Queens), Spotton, Steedsman, Stewart, Tummon, Vallance, Young.

Mr. Fred Symes, head Inspector at the head of the Lakes Terminal was called, sworn, examined and retired.

The Committee adjourned till Tuesday, April 16, at 11 a.m.

A. A. FRASER,

*Clerk of Committee.*

HOUSE OF COMMONS,

TUESDAY, April 16, 1929.

The Meeting came to order at 11 a.m., Mr. Kay presiding.

*Members present:* Messrs. Barber, Bock, Brown, Carmichael, Cayley, Charters, Coote, Donnelly, Dunning, Dubuc, Fansher (*Last Mountain*), Forke, Gardiner, Garland (*Bow River*), Howden, Jones, Kay, Lucas, Malcolm, McKenzie, McMillan, Maybee, Millar, Motherwell, Ross (*Moose Jaw*), Senn, Sinclair (*Queens, P.E.I.*), Steedsman, Stewart (*Edmonton West*), Stirling, Totzke, Vallance.

The Chairman read a telegram from Mr. Besley, Government Official, Washington, D.C., addressed to Mr. A. A. Fraser, Clerk of the Committee, advising that, as protein was not a factor in Official Grain Standards in the United States, he was not in a position to recommend a suitable witness to appear before the Committee to discuss that question.

Mr. John Gillespie, Member of the Grain Standards Board, was called, sworn and examined.

The Committee then adjourned until 4 p.m.

A. A. FRASER,  
Clerk of Committee.

HOUSE OF COMMONS,

TUESDAY, April 16, 1929.

The Meeting came to order at 4.45 p.m., Mr. Kay presiding.

*Members present:* Messrs. Bancroft, Bock, Bouchard, Brown, Coote, Descoteaux, Donnelly, Fansher (*Last Mountain*), Gardiner, Garland (*Bow River*), Glen, Howden, Kay, Lucas, Malcolm, McMillan, McPhee, Millar, Motherwell, Steedsman, Stewart (*Edmonton West*), Ross (*Moose Jaw*), Totzke, Vallance, Young (*Saskatoon*).

Mr. John Gillespie, Member of the Grain Standards Board, was recalled for further examination.

The Meeting adjourned till Wednesday 17th instant at 11 a.m.

A. A. FRASER,  
Clerk of Committee.

HOUSE OF COMMONS,

WEDNESDAY, April 17, 1929.

The Meeting came to order at 11 a.m., Mr. Kay presiding.

*Members present:* Messrs. Anderson, Bancroft, Barber, Bock, Brown, Campbell, Carmichael, Cayley, Charters, Coote, Donnelly, Dubuc, Fansher (*Last Mountain*), Garland (*Bow River*), Gardiner, Glen, Howden, Kay, Lucas, Malcolm, McMillan, McPhee, Millar, Motherwell, Plunkett, Ross (*Moose Jaw*), Séguin, Sinclair (*Queens, P.E.I.*), Spence, Spotton, Steedsman, Stewart (*Edmonton West*), Totzke, Vallance, Young (*Saskatoon*).

Mr. John Gillespie was recalled and made certain suggestions for amending the Grain Act with special reference to grading.

Mr. J. D. Fraser, Chief Grain Inspector, was then called, sworn and examined.

The Committee adjourned till Thursday the 18th instant at 11 a.m.

A. A. FRASER,  
Clerk of Committee.



## HOUSE OF COMMONS.

THURSDAY, April 18, 1929.

The meeting came to order at 4 p.m., Mr. Kay presiding.

*Members present:* Messrs. Bancroft, Benoit, Bock, Brown, Carmichael, Cayley, Coote, Donnelly, Fansher (Last Mountain), Garland (Bow River), Gardiner, Howden, Kay, Lucas, Malcolm, McMillan, Millar, Motherwell, Ross (Moose Jaw), Sinclair (Queens, P.E.I.), Steedsman, Stewart (Edmonton West), Totzke, Vallance, Young (Saskatoon).

The chairman read a telegram from Mr. Hugh Grant, Superintendent, Richardson Elevator, Port Arthur, Ontario, addressed to Mr. A. A. Fraser, Clerk of the Committee, requesting that he be excused from attending as a witness owing to pressure of business.

Mr. J. D. Fraser, Chief Grain Inspector, was then recalled and further examined.

The committee adjourned until Friday the 19th instant, at 11 a.m.

A. A. FRASER,

*Clerk of Committee.*

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HOUSE OF COMMONS,

FRIDAY, April 19, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding.

*Members present:*—Messrs: Bancroft, Bock, Brown, Campbell, Carmichael, Cayley, Coote, Descoteaux, Donnelly, Dubuc, Fansher (Last Mountain), Garland (Bow River), Gardiner, Glen, Howden, Kay, Lucas, Malcolm, McMillan, Millar, Motherwell, Spotton, Steedsman, Stirling, Totzke, Vallance Young (Saskatoon).

The Chairman read a telegram from Mr. C. W. Swingler, Assistant Superintendent, Pool Elevator No. 7, Port Arthur, Ontario, to Mr. A. A. Fraser, Clerk of the Committee, advising that he would attend as a witness on Tuesday, April 23.

Mr. J. D. Fraser was recalled and further examined.

The Committee then adjourned until 4 o'clock in the afternoon.

A. A. FRASER,

*Clerk of Committee.*

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The Committee convened at 4 p.m., Mr. Kay presiding.

*Members present:*—Messrs: Bock, Brown, Campbell, Carmichael, Coote, Desaulniers, Donnelly, Dunning, Fansher (Last Mountain), Garland (Bow River), Gardiner, Kay, Lucas, Malcolm, McMillan, Millar, Motherwell, Steedsman, Totzke, Vallance, Young (Saskatoon).

Mr. J. D. Fraser was recalled and continued with his evidence.

The Committee adjourned until Tuesday the 23rd instant at 11 a.m.

A. A. FRASER,

*Clerk of Committee.*

HOUSE OF COMMONS,

TUESDAY, April 23, 1929.

The meeting came to order at 11.15 a.m., Mr. Kay presiding.

*Members present:* Messrs. Anderson (Halton), Bancroft, Barber, Benoit, Bock, Bowen, Brown, Campbell, Carmichael, Cayley, Charters, Coote, Descoteaux, Donnelly, Dubuc, Garland (Bow River), Gardiner, Glen, Kay, Lucas, Malcolm, McKenzie, McMillan, McPhee, Maybec, Millar, Motherwell, Ross (Moose Jaw), Rowe, Senn, Sinclair (Queens, P.E.I.), Steedsman, Stewart (Edmonton West), Stirling, Totzke, Vallance, Young (Saskatoon).

Mr. J. D. Fraser was recalled and further examined.

The Committee adjourned until Wednesday the 24th instant at 11 a.m.

A. A. FRASER,

*Clerk of the Committee.*

HOUSE OF COMMONS,

WEDNESDAY, April 24, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding.

*Members present:* Messrs. Anderson (Halton), Bancroft, Barber, Bock, Bouchard, Bowen, Brown, Campbell, Carmichael, Cayley, Coote, Donnelly, Garland (Bow River), Gardiner, Glen, Gott, Kay, Lucas, Malcolm, McGibbon, McMillan, McPhee, Millar, Motherwell, Ross (Moose Jaw), Sinclair (Queens, P.E.I.), Spotton, Steedsman, Stewart (Edmonton West), Stirling, Totzke, Vallance.

Mr. C. W. Swingler, Superintendent, Pool Elevator No. 7, Port Arthur, Ontario, was called, sworn, examined and discharged.

Mr. J. D. Fraser again took the stand and answered a number of questions arising out of the testimony of the previous witness.

The Committee adjourned for further consideration of the order of reference at the call of the Chair.

A. A. FRASER,

*Clerk of Committee.*

HOUSE OF COMMONS,

FRIDAY, April 26, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding.

*Members present:* Messrs. Anderson (Halton), Barber, Bock, Bowen, Brown, Campbell, Cayley, Descoteaux, Donnelly, Forke, Gardiner, Glen, Howden, Kay, Lucas, Malcolm, McKenzie, Millar, Motherwell, Ross (Moose Jaw), Senn, Sinclair (Queens, P.E.I.), Spotton, Steedsman, Stewart (Edmonton West), Stirling, Totzke, Vallance, Young (Saskatoon).

Mr. C. B. Watts, Secretary-Treasurer of the Dominion Millers' Association, Toronto, Ontario, was called, sworn and examined.

On the motion of Hon. Mr. Malcolm, Minister of Trade and Commerce, it was agreed that a sub-committee, to be named by the Chairman, be appointed for the purpose of reading and digesting the evidence now before the Committee and proceeding to prepare a draft report either interim or final for submission to the Committee.

The Committee adjourned until 4 o'clock in the afternoon.

A. A. FRASER,

*Clerk of Committee.*

The Committee reconvened at 4 p.m., Mr. Glen, in the absence of the Chairman, presiding.

Members present: Messrs. Bancroft, Bock, Brown, Campbell, Cayley, Donnelly, Gardiner, Glen, Howden, Lucas, Malcolm, McKenzie, McMillan, Millar, Motherwell, Ross (Moose Jaw), Steedsman, Stewart (Edmonton West), Totzke, Vallance.

Mr. C. B. Watts was recalled and further examined.

The witness agreed to furnish for the information of the Committee a list containing the names of all members of the Dominion Millers' Association, which he represents.

Witness discharged.

A. A. FRASER,  
*Clerk of Committee.*

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# HOUSE OF COMMONS,

TUESDAY, APRIL 30, 1929.

The meeting came to order at 11.20 a.m., Mr. Kay presiding. Members present: Messrs. Bancroft, Bock, Bouchard, Brown, Campbell, Cayley, Coote, Donnelly, Gardiner, Glen, Howden, Kay, Lucas, Malcolm, McGibbon, McPhee, McRae, Millar, Motherwell, Ross (Moose Jaw), Spotton, Steedsman, Stewart (Edmonton West), Stirling, Totzke, Vallance. Young (Saskatoon).

The Chairman announced that the following members of the Committee had been appointed to a Sub-Committee to deal with the drafting of a report:—Messrs. Bowen, Brown, Coote, Donnelly, Fansher (Last Mountain), Garland (Bow River), Glen, Kay, Malcolm, Millar, Motherwell, Senn, Stewart (Edmonton West), Steedsman, Ralston, Vallance.

Mr. W. F. Schnaidt, Marketing Specialist, Extension Service, South Dakota State College, Brookings, S.D., was called and addressed the Committee at length on the question of protein as a factor in grading wheat.

The Committee then adjourned until 4 o'clock in the afternoon.

A. A. FRASER,  
*Clerk of Committee.*

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The Committee reconvened at 4 p.m., Mr. Kay presiding. Members present: Messrs. Bancroft, Benoit, Bock, Bouchard, Brown, Campbell, Cayley, Coote, Donnelly, Forke, Glen, Kay, Malcolm, McPhee, Millar, Ross (Moose Jaw), Senn, Steedsman, Stewart (Edmonton West), Totzke, Vallance.

Mr. Schnaidt was recalled and concluded his evidence.

It was moved by Mr. Millar and carried that two plans, prepared by the witness, for Distributing Protein Premiums on Wheat from Local Marketing Agency to the Individual Grower, be incorporated in the printed evidence of the Committee.

The Committee adjourned until Wednesday, May 1, at 11 a.m.

A. A. Fraser,  
*Clerk of Committee.*

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## HOUSE OF COMMONS,

WEDNESDAY, May 1, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding.

Members present: Messrs. Anderson (Halton), Bancroft, Barber, Bock, Bouchard, Brown, Campbell, Cayley, Charters, Coote, Donnelly, Dubuc, Forke, Gardiner, Kay, Lucas, Malcolm, McKenzie, McMillan, McPhee, Millar, Motherwell, Plunkett, Ross (Moose Jaw), Rowe, Senn, Sinclair (Wellington North), Spence, Spotton, Steedsman, Stewart (Edmonton West), Young (Saskatoon).

Mr. Malcolm filed a statement completing evidence given by him on Friday, April 19th last, which shows the spreads between Spot No. 4, Number 5, and Number 6 Wheat and the active future quotations, daily, on the Winnipeg market; with the monthly average of daily quotations: (under each future) in cents and eighths of a cent per bushel; during the two fiscal years ended March 31st, 1928 and 1929, respectively.

Mr. Alexander Ferguson, Assistant General Manager, Montreal Harbour Commission, was called, sworn and gave evidence with reference to the mixing of grain at the port of Montreal.

The witness filed a statement showing varieties and quantities of Canadian grain used for mixing with American grain in the Harbour Commissioners' elevators during 1928.

Mr. Ferguson was then discharged.

Mr. Norman Wight, grain broker, representing the Montreal Corn Exchange, who is also chairman of the Eastern Standards Board, took the stand, was sworn and examined.

Witness discharged.

Senator MacDougald, Chairman of the Board, Harbour Commissioners of Montreal, addressed the Committee briefly and invited the members to come to Montreal the following Saturday to inspect the harbour improvements.

The Committee adjourned at one o'clock to re-convene at 4 p.m.

A. A. FRASER,

*Clerk of Committee.*

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HOUSE OF COMMONS,

WEDNESDAY, May 1, 1929.

The meeting reconvened at 4 p.m., Mr. Kay presiding.

Members present: Messrs. Bancroft, Bock, Brown, Cayley, Coote, Donnelly, Forke, Gardiner, Kay, Lucas, Malcolm, McPhee, Millar, Motherwell, Ross (Moose Jaw), Steedsman, Stewart (Edmonton West), Totzke, Vallance, Young (Saskatoon).

Mr. Wight was recalled and on concluding his evidence was discharged.

A. A. FRASER,

*Clerk of Committee.*

## HOUSE OF COMMONS,

THURSDAY, May 2, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding.

Members present: Messrs. Bock, Brown, Campbell, Cayley, Charters, Coote, Desaulniers, Donnelly, Dubuc, Gardiner, Glen, Howden, Kay, Lucas, Malcolm, McMillan, McPhee, Maybee, Millar, Motherwell, Rowe, Spence, Spotton, Steedsman, Stewart (Edmonton West), Stirling, Totzke, Tummon, Vallance, Young (Saskatoon).

No witnesses being present the Committee entered upon a general discussion of the procedure to be followed at subsequent meetings.

After full discussion a motion by Mr. Glen carried, directing that representatives of the wheat pools of Manitoba, Saskatchewan and Alberta, of the Grain Trade and of the United Grain Growers be asked to attend and give evidence.

The Committee also decided that Prof. T. J. Harrison, of the Agricultural College, Winnipeg, be asked to appear before the Sub-Committee appointed at a previous meeting to consider the evidence presently before the Committee, when the said Sub-Committee should be considering amendments with respect to Barley Grades.

The Chairman advised the Committee that western officials of the C.P.R. and the C.N.R. would appear before the Committee on Tuesday, May 7 to give evidence with respect to Car Order Books.

After discussion as to the advisability of reducing the quorum of the Committee the matter was left in abeyance for the time being.

It was agreed that the Sub-Committee appointed to draft amendments to the Canada Grain Act would meet at 4 o'clock in the afternoon this day.

The Committee adjourned until Friday, May 3, at 11 a.m., conditional upon witnesses being then available otherwise until Tuesday, May 7 at 11 a.m.

A. A. FRASER,  
*Clerk of Committee.*

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HOUSE OF COMMONS,  
TUESDAY, May 7, 1929.

The meeting came to order at 11 o'clock a.m., Mr. Kay presiding.

*Members present:* Messrs. Anderson, Bock, Bowen, Brown, Campbell, Cayley, Charters, Coote, Descoteaux, Donnelly, Forke, Gardiner, Glen, Howden, Kay, Lucas, Malcolm, McPhee, Maybee, Millar, Motherwell, Spence, Spotton, Steedsman, Stewart, Vallance, Young.

Mr. J. G. Sutherland, Superintendent of Transportation, Canadian Pacific Railway Company, and Mr. V. I. Smart, Superintendent of Transportation, Canadian National Railways, appeared before the committee and gave evidence with respect to the Car Order Book provisions of the Act and the Car Distribution provisions of the Act and the application of the said provisions to the conditions surrounding and the problems arising out of the storage and movement of the grain crop.

The witnesses were discharged.

The committee adjourned to the call of the Chair.

A. A. FRASER,  
*Clerk of Committee.*

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FRIDAY, May 10, 1929

The committee came to order at 11 o'clock, a.m., Mr. Kay presiding.

Members present: Messrs. Anderson, Bancroft, Bock, Bowen, Brown, Carmichael, Coote, Descoteaux, Donnelly, Forke, Garland (Bow River), Gardiner, Glenn, Kay, Lucas, Malcolm, McMillan, Millar, Motherwell, Senn, Spence, Steedsman, Totzke, Vallance, Young.

Hon. T. A. Crerar, President of the United Grain Growers, Limited, appeared as a witness, was sworn, examined and discharged.

Mr. J. R. Murray, Assistant General Manager of the United Grain Growers was then called, sworn, examined and discharged.

The above minutes cover the proceedings of three meetings, morning, afternoon and evening.

The committee adjourned till Monday, May 13, 1929, at 11 o'clock, a.m.

A. A. FRASER,  
*Clerk of Committee.*

HOUSE OF COMMONS,

MONDAY, May 13, 1929.

The committee came to order at 11 o'clock a.m., Mr. Kay presiding.

*Members present:* Messrs. Bancroft, Bowen, Brown, Carmichael, Cayley, Coote, Donnelly, Fansher, Garland (Bow River), Gardiner, Kay, Lucas, Malcolm, McMillan, Millar, Motherwell, Senn, Sinclair (Queens), Steedsman, Totzke, Vallance.

Mr. MacLeod, an officer of the Canadian Wheat Pools appeared before the committee and explained the unaccountable absence of certain officials of the Pools who had agreed to attend as witnesses.

Mr. R. Hetherington, manager under the Board of Grain Commissioners, of government elevators, was called, sworn, examined and discharged.

The committee then adjourned till Tuesday, May 14, at 11 a.m.

A. A. FRASER,  
*Clerk of Committee.*

HOUSE OF COMMONS,

TUESDAY, May 14, 1929.

The committee came to order at 11 o'clock a.m., Mr. Kay presiding.

Members present: Messrs. Carmichael, Cayley, Donnelly, Dubuc, Fansher, Forke, Garland (Bow River), Gardiner, Kay, Lucas, Malcolm, McKenzie, McMillan, Ross, Steedsman, Stirling, Vallance, Young.

Joseph Bennett, Superintendent of Alberta Wheat Pool Elevators at Vancouver and Prince Rupert, was called, sworn, examined and discharged.

P. McCallum, General Superintendent of the Saskatchewan Pool Elevators at Port Arthur and Fort William, was then called, sworn, examined and discharged.

The committee adjourned till Wednesday, May 15, at 11 a.m.

A. A. FRASER,  
*Clerk of Committee.*



## HOUSE OF COMMONS,

WEDNESDAY, May 15, 1929.

The committee came to order at 11 o'clock a.m., Mr. Brown, in the absence of Mr. Kay, presiding.

Members present: Messrs. Anderson, Bancroft, Bock, Brown, Carmichael, Cayley, Donnelly, Fansher, Garland (Bow River), Gardiner, Glen, Lucas, McKenzie, McMillan, Millar, Motherwell, Sinclair (Queens), Spence, Steedman, Totzke, Vallance, Young.

The committee took under consideration the advisability of amending the definitions of the Statutory Grades of Barley, applicable to barley grown within the Western Inspection Division.

Professor T. J. Harrison of the Agriculture College, Winnipeg, appeared before the committee and submitted definitions for barley grades as prepared by the sub-committee on grades of the National Barley Committee.

Mr. Harrison was followed by Mr. Paul Bredt, a director of the Canadian Wheat Pools, J. D. Fraser, Chief Inspector under the Board of Grain Commissioners, and Dr. Newman, dominion cerealist, who gave evidence on the subject under consideration.

The following amended definitions of grades were submitted as drafted and agreed upon by the said sub-committee, namely:—

## BARLEY GRADES

Grades Nos. 1, 2 and 3 Extra Barley shall apply to barley that is of good utility value for malting purposes and for these grades, "sound", shall mean, free from frosted, sprouted, heated, musted, or artificially dried grain, and shall be practically free from broken, skinned or artificially damaged grain.

## SIX-ROW BARLEY

No. 1 Canada Western Six-Row Barley shall be composed of 95 per cent six-row barley of one variety or type, and equal in value for malting purposes to O.A.C. 21. It shall be sound, clean, practically free from other grain, plump, bright and weigh not less than 50 pounds to the bushel.

No. 2 Canada Western Six-Row Barley shall be composed of 95 per cent six-row barley of one variety or type and equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, reasonably free from other grains but not plump or bright enough to be graded No. 1, and shall weigh not less than 49 pounds to the bushel.

No. 3 Extra Canada Western Six-Row Barley shall be composed of 90 per cent six-row barley equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, reasonably free from other grains, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

## TWO-ROW BARLEY

No. 1 Canada Western Two-Row Barley shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, clean, practically free from other grain, plump, bright and shall weigh not less than 52 pounds to the bushel.

No. 2. Canada Western Two-Row Barley shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but not plump or bright enough to be graded No. 1, and shall weigh not less than 50 pounds to the bushel.

No. 3 Extra Canada Western Two-Row Barley shall be composed of 90 per cent two-row barley equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

### TREBI GRADES

No. 1 Canada Western Trebi Barley shall be composed of 95 per cent Barley or Trebi type, shall be plumb, bright, sound, practically free from other grain and weighing not less than 50 pounds per measured bushel.

No. 2 Canada Western Trebi Barley shall be composed of 95 per cent Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grains, but not bright or plump enough to be graded No. 1, weighing not less than 49 pounds per measured bushel.

No. 3 Extra Canada Western Trebi Barley shall be composed of 90 per cent Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grain, but may include weather stained Barley and weight not less than 48 pounds per measured bushel.

### FEED BARLEYS

No. 3 Canada Western Barley shall be barley composed of any variety or type or combination of varieties or types, shall be sweet, reasonably clean and reasonably free from all other grains, may include weather-stained, immature, shrunken, slightly frosted and otherwise damaged barley and shall not weigh less than 47 pounds to the bushel.

No. 4 Canada Western Barley shall be barley composed of any variety or type or combination of varieties or types, shall be sweet, and may include damaged or stained barley and shall not weigh less than 46 pounds to the bushel.

No. 5 Canada Western Barley shall include damaged and badly weathered barley, and shall not weight less than 42 pound to the bushel.

No. 6 Canada Western Barley shall include all barley excluded from the preceding grades on account of weight or admixtures.

Barley inspected as "No Grade", "Tough", or "Damp", and artificially dried, shall not be graded higher than No. 3 Canada Western Barley.

Consideration of the adoption of the amended grades so recommended was deferred till a subsequent meeting.

The committee adjourned till Friday, May 17, at 11 a.m.

A. A. FRASER,  
*Clerk of Committee.*

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HOUSE OF COMMONS,

FRIDAY, May 17, 1929.

The committee came to order at 11 a.m., Mr. Kay presiding.

Members present: Messrs. Bancroft, Brown, Carmichael, Cayley, Coote, Donnelly, Forke, Garland (Bow River), Gardiner, Glen, Kay, Lucas, Malcolm, McKenzie, McMillan, Millar, Motherwell, Ross, Spence, Spotton, Steedsman, Stirling, Vallance, Young.

Mr. George McIvor, Manager of the Central Selling Agency of the Canadian Grain Pools, was called, sworn, and submitted to examination.

The chairman read a telegram from the Secretary of the North West Grain Dealers Association stating that the Association did not wish to give evidence before the Committee and briefly setting out the views of the Association on the subject under consideration by the Committee.

The telegram was ordered printed in the record.

Members of the committee raised the question of the calling of further witnesses and after discussion it was the sense of the committee that no witnesses other than those already summoned, would be called or heard.

It being one o'clock the committee adjourned to re-convene at 4 p.m.

The committee re-convened at 4 o'clock with Mr. Kay in the chair.

The examination of the witness George McIvor was proceeded with and at 5.30 o'clock p.m., the witness was discharged and the committee adjourned till Monday, May 20, at 11 a.m.

A. A. FRASER,

*Clerk of Committee.*

# HOUSE OF COMMONS,

MONDAY, May 20, 1929.

The committee came to order at 11 a.m., Mr. Glen in the absence of Mr. Kay, presiding.

Members Present: Messrs. Bock, Bowen, Brown, Carmichael, Cayley, Coote, Donnelly, Glen, Lucas, Malcolm, McKenzie, McMillan, Millar, Motherwell, Ross, Steedsman, Stewart, Totzke, Vallance, Young.

Robert C. Steel, of the Grain Checking Department of the Saskatchewan Pool, was called, sworn and submitted to examination.

At one o'clock the committee adjourned for further examination of the witness till 4 p.m.

The committee re-convened at 4 o'clock Mr. Brown presiding.

The witness of the morning, Robert C. Steel was re-called, further examined and discharged.

The committee adjourned till Tuesday, May 21, at 11 a.m.

A. A. FRASER,

*Clerk of Committee.*

# HOUSE OF COMMONS,

TUESDAY, May 21, 1929.

The meeting came to order at 11 a.m., Mr. Kay presiding.

*Members present:* Messrs. Bancroft, Barber, Bock, Brown, Carmichael, Cayley, Coote, Descoteaux, Donnelly, Garland (Bow River), Gardiner, Glen, Kay, Lucas, Malcolm, McKenzie, McMillan, Maybee, Millar, Motherwell, Ross (Moose Jaw), Sinclair (Queens, P.E.I.), Steedsman, Stewart (Edmonton W.), Totzke, Vallance, Young (Saskatoon).

On the opening of the meeting Mr. Millar presented certain documents respecting grading by protein. The documents in question were handed to the Clerk for perusal and consideration by the sub-committee to report whether same should be printed in the record.

Mr. Donnelly moved:—That the Report of the Royal Grain Commission, 1925, the Interim Report of the Royal Grain Commission, 1928, and the Printed Evidence and Report of the Agricultural Committee, 1928, be filed and taken as evidence for consideration by this Committee. Carried.

Leslie H. Boyd, Chairman of the Board of Grain Commissioners, was called, sworn and submitted to examination.

At one o'clock the Committee adjourned until 4 p.m.



The Committee reconvened at 4 p.m., Mr. Kay presiding.

Matthew Snow, one of the Members of the Board of Grain Commissioners, was called, sworn and examined.

Upon the examination of the witness it appeared that the commissioners were working on a statement of recommendation for improvement of the Grain Act, and it was deemed advisable to adjourn to permit such statement to be completed and presented.

The Committee adjourned until Wednesday, May 22, at 10 a.m.

A. A. FRASER,

*Clerk of Committee.*

HOUSE OF COMMONS,

WEDNESDAY, May 22, 1929.

The Committee came to order at 11 o'clock a.m. Mr. Kay presiding.

*Members present:* Messrs. Anderson, Bock, Brown, Carmichael, Coote, Donnelly, Garland (Bow River), Glen, Kay, Lucas, Malcolm, McMillan, McPhee, Millar, Motherwell, Ross, Stewart, Totzke, Vallance, Young.

Mr. Leslie H. Boyd, Chairman of the Board of Grain Commissioners,

Mr. Matthew Snow, a member of the Board of Grain Commissioners and

Mr. F. J. Rathbone, Secretary of the Board of Grain Commissioners, were severally called and submitted to examination.

Mr. Boyd, Chairman of the Board submitted and filed with the Committee a memorandum of proposed amendments to the Canada Grain Act.

The Committee adjourned at one o'clock to re-convene at the call of the chair.

A. A. FRASER,

*Clerk of Committee.*

HOUSE OF COMMONS,

MONDAY, June 3, 1929.

The Committee came to order at 11 a.m., Mr. Kay presiding.

*Members present:* Messrs. Anderson (*Halton*), Bancroft, Brown, Campbell, Cayley, Charters, Coote, Donnelly, Fansher (*Last Mountain*), Gardiner, Glen, Howden, Kay, Lucas, Malcolm, McMillan, Millar, Motherwell, Ross (*Moose Jaw*), Steedsman, Stewart (*Edmonton West*), Totzke, Vallance.

The Chairman informed the Committee that the Sub-Committee had decided to defer presenting a report until the Committee should decide on a recommendation presently to be submitted on the question of taking further evidence.

The Chairman thereupon presented a recommendation from the Sub-Committee as follows:

That your Sub-Committee having received a request that the main Committee should hear more evidence on the question of the prohibition of mixing of the Statutory Grades Nos. 1, 2 and 3 "Spring Wheat," have agreed to submit this request to the main Committee for consideration and decision.

A motion being then put to adopt the said recommendation it was moved in amendment that only such evidence as could be heard at the next sitting of the Committee should be taken.

The question being then put on the amendment, the same carried.

The motion as amended carried.

The Committee adjourned till 8 p.m.

The Committee reconvened at 8 p.m., Mr. Kay presiding.

*Members present:* Messrs. Anderson (*Halton*), Bancroft, Barber, Benoit, Brown, Campbell, Cayley, Coote, Donnelly, Fansher (*Last Mountain*), Gardiner, Glen, Howden, Kay, Lucas, McKenzie, McMillan, Maybee, Millar, Ross (*Moose Jaw*), Steedsman, Stewart (*Edmonton West*), Totzke, Vallance.

Mr. Malcolm, a member of the Committee presented a written statement handed him by Mr. A. B. Hudson, Counsel for the Winnipeg Grain Trade.

After discussion as to the admissibility of the statement as evidence, a motion was adopted, that the said statement be referred to the Sub-Committee for consideration.

Mr. T. A. Crerar, president of the United Grain Growers Ltd., appeared before the Committee, was examined and retired.

Mr. E. B. Ramsay, an Officer of the Pool was then called, examined and retired.

The Committee adjourned sine die.

A. A. FRASER,  
*Clerk of Committee.*

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HOUSE OF COMMONS,  
WEDNESDAY, June 5, 1929.

The Committee came to order at 3 o'clock, p.m., Mr. Kay presiding.

*Members Present:* Messrs. Bancroft, Bock, Bowen, Brown, Campbell, Carmichael, Cayley, Charters, Coote, Donnelly, Fansher (*Last Mountain*), Garland (*Bow River*), Gardiner, Glen, Kay, Lucas, McKenzie, McMillan, Maybee, Millar, Motherwell, Ross, Senn, Sinclair (*Queens*), Steedsman, Stewart, Totzke, Vallance.

The Chairman presented the unanimous Report of the sub-committee appointed to draft such a report.

The report as so presented was read clause by clause and each clause was adopted, amended or struck out on separate motion.

At six o'clock the Committee rose and reported progress, to re-convene at 8.30 p.m.

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The Committee re-convened at 8.30 p.m., Mr. Kay presiding.

The report of the sub-committee was again taken under consideration and all of the clauses thereof having been dealt with the Committee adopted the said report with certain amendments and instructed the Chairman to present the report to the House.

The Committee then adjourned.

A. A. FRASER,  
*Clerk of Committee.*

# MINUTES OF EVIDENCE

HOUSE OF COMMONS,

WEDNESDAY, March 13, 1929.

The Select Standing Committee on Agriculture and Colonization met at 4 o'clock, the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Gentlemen, we have with us this afternoon certain representatives of the Wheat Pool, who would like to discuss with the committee some of the problems which they in common with the producers, have to face.

A. J. McPHAIL, called.

The WITNESS: What do you want me to do, Mr. Chairman?

The CHAIRMAN: The committee is at your disposal.

The WITNESS: I will just outline the proposals the Pool have in mind, in connection with the question of administration.

*By the Chairman:*

Q. Will you state, for the information of the committee, what your position is?—A. I am president of the Saskatchewan Wheat Pool, and of the Central Selling Agency. Mr. Chairman, we as three pools, the Manitoba, Saskatchewan and Alberta pools, have been giving quite serious consideration to the question of amendments to the Canada Grain Act, and improvements in the way of handling grain, for some considerable time. We have had a grading committee representative of the three prairie provinces who have given very close study to these questions, and we have arrived at certain conclusions in regard to the matters that I propose to deal with. In this outline are matters on which the three provincial Boards have arrived at a unanimous opinion. They have arrived at a unanimous decision to make recommendation with regard to amendments to the Canada Grain Act and certain regulations.

Now, the first is the eliminating of mixing in the port of Montreal. It is known, and it is not denied, that the practice of mixing is carried on in the port of Montreal in connection with barley, rye, and Durum wheat. Now, according to my information, and according to any information we have as organizations, there is no mixing carried on in connection with our hard spring western wheats. The mixing is carried on between barley and rye and Durum wheat with American grain that is shipped through the port of Montreal to Europe. We know that that is illegal, and I think it is acknowledged that the practice is, at the present time, illegal. We simply want to have the law enforced in order to prohibit all mixing because we find it affects the sale of our grain—Durums, rye and barley—in the markets of Europe.

*By Mr. Young (Saskatoon):*

Q. If it is illegal, what authority should enforce this?—A. The Board of Grain Commissioners or the Department of Trade and Commerce, under which the Board of Grain Commissioners operate. The Board of Grain Commissioners operate under the direction of the Department of Trade and Commerce. Any questions in connection with this matter I would like to have answered by our legal man.

[Mr. A. J. McPhail.]



*By Mr. Donnelly:*

Q. Do you think it is possible to stop them?—A. Yes, it is quite easy to stop them. It is the mixing of American grain with our Canadian grain.

*By Mr. Brown:*

Q. That is true in regard to the oats and rye as well as Durum wheat?—A. I have never heard of any complaint of mixing oats; but barley and rye.

Q. It is American grain that is mixed with them?—A. Yes, American grain. We feel that we have a good quality of these grains grown in western Canada and we would much prefer to market these grains on our own certificate and without their being mixed.

*By Mr. Millar:*

Q. Have you any knowledge as to the correctness of the report that Argentine grain has been brought in for purposes of mixing with our Canadian grain?—A. We investigated the report that appeared in newspapers some time ago but according to our information there has never been any Argentine wheat brought in to the port of Montreal for the last fifteen years, and I do not believe there was any before that. I do not think there was any foundation for the report. That is the opinion we have.

*By Mr. Campbell:*

Q. This is purely a question for administration. It seems to me the proper body to go to would be the Government and not the Committee. A. Possibly I should not have mentioned this. I think it is possible because it simply is a matter of administration, of enforcing a law that already exists.

Mr. GARLAND (Bow River): I think we should have this information.

The CHAIRMAN: I think Mr. McPhail and the other gentleman from the pool should be left to make their statement without any interruption. They can go as far as they like and cover any points they like if they find the administration and provisions of the Act are not satisfactory.

The WITNESS: Another matter on which we have arrived at a unanimous conclusion is: we believe that the practice of mixing as now practised at the head of the lakes has a bad effect on the quality of our wheat. We believe in the first place that there should be no earnings or profits in handling wheat or any commodity through warehouse facilities other than the tariffs that are set for that purpose. I think that will explain our foundation attitude. We believe that mixing as now carried on should be eliminated as far as it is possible and practicable to do so; and as a means to an end we recommend that there be a higher standard established for out-turn grades in the terminals at Fort William as against the standards used at the primary inspection point. We suggest that as a means to setting up a higher standard at Fort William we take seventy-five percent of the average quality of each grade at the primary inspection point together with twenty-five percent of the minimum at the primary inspection point and use that mixture as a standard for the out-turn grade from the terminal elevators. I think this would be a correct interpretation. It would mean, if it was accurately done, that such a standard at Fort William would result in being thirty-seven and one half percent higher than the standard that is used at the primary inspection point, or twelve and one half percent below the average quality at the primary inspection point. It would leave a twenty-five percent lee-way around the average quality of the grain—twelve and one half percent below the average and twelve and one half per cent above the average. We find it is necessary to have the lee-way in order to ensure the possibility of the pool or any other grain organization being able to get out their wheat on that higher standard.

[Mr. A. J. McPhail.]

We believe that this will practically eliminate mixing; it will ensure a uniformly higher quality in each grade going out from the terminal elevators, and we regard that as important from the standpoint of being able to secure the most dollars and cents for all our wheat. For instance, if you were to abolish mixing simply by law, by statute, without raising the standard, you would create a condition where you would have cargoes of wheat going from the terminal ranging in quality all the way from the minimum of the grade to the maximum of the grade. This is a matter of opinion, of course; but it can be taken fairly well for granted that the buyer on the other side of the water will be influenced more in the direction of bidding on the minimum quality of the grain because that is what he will possibly get or quite probably get a great part of the time.

One of the arguments that have been used so far in favour of mixing is that by mixing down to somewhere as close as possible to the minimum of the grade you provide for as nearly as possible a uniform quality of grain going out in any particular cargo, and, therefore, you get more dollars and cents actually out of all your wheat. We believe that although that is true, or probably true, you are mixing down all the time—you are mixing down to the minimum. Our suggestion would mean that grain companies, ourselves as well as other grain companies, would be compelled to mix up as well as down in order to have a uniform average quality of the grain going out from terminal elevators. We believe that a uniform quality of grain in all cargoes is essential, or very necessary from the standpoint of the people who buy our grain. I do not know whether that is going far enough in order to make it clear or not; but that is the proposal. Another suggestion that we have is a re-definition of Three Northern. We believe that the present definition of Three Northern in the Canadian Grain Act is too indefinite and vague, and we want to have a new definition that will make more clear and distinct the qualities of grain that can go into the Three Northern class—or in a word, tighten up that grade. In the past we have come to feel that as a result of the loose interpretation, or the loose definition of that grade in the Act it allows for the dumping of too much inferior quality of grain and results in a lower quality of Three Northern, and also in a wider spread between Two and Three Northern than should exist in fairness to the farmers.

The principal change in the definition of Three Northern is that it would provide for a certain definite percentage of hard red vitreous kernels which is not provided for at all in the present Act. We also suggest a new definition of One and Two Amber Durum. We feel that the present definition in the present Act is not clear enough—not distinct enough, and we would like a tightening up of the definition of these two grades as well. I understand that the definitions which we are recommending are definitions in connection with these three grades which have been worked out and recommended by Mr. Serls, former Chief Inspector, who is now Chairman of the Appeal Board; but our organizations are quite in accord with his idea in this connection.

Another suggestion that we have is that we establish another grade—another commercial grade between the new definition of Three Northern and the present standard of Six without disturbing, the present standard of Six largely for the same reason as we have for asking for a redefinition of number Three. This year, for instance, there are around twelve or thirteen cents of a spread between the prices of four and five and around fifteen to sixteen cents between the price of five and six. We consider that that is altogether too wide a variation in the price between these grades, and the only way we can remedy it is by making provision for the insertion of another grade in order to take up the slack.



If a farmer has an extra good Six this year that might be almost a Five but it goes into Six which is discounted to the extent of fifteen or sixteen cents. That is the real reason why we ask for the insertion of another grade, or a provision that another grade be established.

Now, I have another suggestion. I do not know whether it requires an amendment to the Act or regulations of the Board of Grain Commissioners, but at the present time wheat must contain over seventeen per cent of wild oats before a farmer is settled with on the basis of the separation. If there is under seventeen per cent of wild oats in his wheat he is settled with on the basis of screenings. We are of the opinion that, from the standpoint of equity to the farmers, we should have a change in the regulations that would provide that when there is over three per cent of wild oats in wheat the farmer should be settled with on the basis of the separation just the same as if it were damp oats or barley or anything else.

Another suggestion is in connection with tough grain. In 1926 and '27 we had more tough grain in western Canada than we ever had in any other year. Any grain containing from 14.4 to 17 per cent is tough grain, and the usual discount for tough as against straight grade is eight cents a bushel. The farmer who happens to have 14.6 instead of 14.4 has a discount of eight cents taken from his wheat. We feel that that variation there is too wide and we recommend that another grade—we might as well put it that way—another definition be set up in tough wheat, and that wheat containing from 14.4 to 15.5 be classed as A tough and from 15.6 to 17 per cent be classed as B tough. We have made an effort to carry that out in our own organization this year, but we feel that it is almost impossible to do it unless it is passed as an amendment, or as a regulation, by the Board of Grain Commissioners and put into effect officially. We cannot. The same reasons that apply to the insertion of another grade apply in connection with that as well. We are strongly of the opinion too that an automatic sampler that we have experimented with this last year should be made official and recognized officially by the Board of Grain Commissioners and the Inspection Department. There has been a great deal of uneasiness amongst the farmers of the west regarding the reliability of the manner in which the samples are taken by probe method in the yards up until the present time. I do not see that I need go into that. That will probably come out later on. We have experimented this year, or last year, with an automatic sampler which is placed on the belt inside the elevator after a carload is unloaded and the sample is taken off the belt automatically, which is a very accurate sample. I do not think there is any question of that; the Inspection Department acknowledges that it is an accurate sample of the car, much more accurate than the sample which can be taken by the probe method in the yards. I would like to have that recognized and put officially under the Inspection Department.

We also recommend an increase in the number of members of the Board of Grain Commissioners. We feel that the Board should be larger in number; that there should probably be a member of the Board in each of the provinces to look after complaints and difficulties that arise, and we believe there should be a great deal more moving around the country by them than they have ever done in the past, in order to become really acquainted with the problems of the farmers and the problems that are making the farmers uneasy, particularly in years of difficulty such as this.

Now, Mr. Chairman, that is a very brief outline of our recommendations at this time. I might say that we feel that, in any event, if a higher standard is put into effect such as we suggest, it would probably be desirable to have legislation protecting a public terminal against the necessity of accepting a run of particularly low quality grain in any particular grade. There is a possi-



bility that if the standard we suggest were put into effect that some organizations might try to get some particularly low quality of grain in any grade off their own hands by dumping it in a public terminal and thereby making it impossible for a public terminal to get the grain out of the terminal at this raised standard.

I want to discuss the ticket that has been known as the Hybrid ticket, but I would very much prefer, Mr. Chairman, if Mr. Milliken dealt with that, because it is a legal question.

The CHAIRMAN: We have until six o'clock, Mr. MacPhail, and you are perfectly free to divide the time between you.

The WITNESS: It is a very important question as far as we are concerned. I would much prefer having our counsel deal with it.

The CHAIRMAN: Are there any questions?

*By Mr. Fansher (Last Mountain):*

Q. There is just one question that occurred to me when you were speaking of the mixing of grain at Montreal. What conclusive evidence have you, or have you any evidence that such mixing has been going on?—A. We have known for a long time, Mr. Chairman, that the practice has been carried on. We know, for instance, that they had a meeting of the Board of Grain Commissioners at Montreal, I think about two months ago—a meeting that our General Solicitor attended—and there was no attempt at denial of the mixing being practised in the manner I have described.

Q. Did you bring this to the attention of the Board of Grain Commissioners?—A. Yes.

*By Mr. Donnelly:*

Q. Would it not be just as easy to prohibit mixing at the head of the lakes and to prevent it by administrative authority as it is to prohibit the mixing in Montreal?—A. Mixing is prohibited in Montreal so far as western spring wheat is concerned.

Q. You said you thought it would be quite an easy matter to prevent it; you expressed that view that it would be easy to prevent it; would it not be just as easy to prevent it at Fort William and Port Arthur if you had the regulations?—A. Probably, yes. I would like to make this clear, Mr. Chairman, that the matters I have outlined and dealt with are matters on which the three prairie pools have agreed unanimously. That is the matters that I have dealt with.

*By Mr. Brown:*

Q. You indicated a comparison between the automatic sampler at Fort William and the method at Winnipeg. Do you anticipate that the sampling will be done at Fort William and that the Winnipeg sampling will be eliminated? Is that the idea?—A. I think that the final inspection will be at Fort William as it is now, but it will be more so under the automatic sampling. I am of the opinion—of course my opinion might not be the same a year from now—but I am rather inclined to think that we will always have to continue to have the probe sample taken in Winnipeg, if for no other reason than as a guide to binning the wheat in the terminals, because by the time you get the sample by the automatic process the wheat is on the road to the bin. I think you will have to have the probe as a guide.

Q. As regards the two grades of tough wheat, that would require if your proposition were carried out, that it be inserted in the Act; whereas, I believe to-day there is no percentage indicated in the Act?—A. Mr. Milliken is shaking his head at me. There will have to be a provision to my mind; it will

have to be recognized officially, whether it is by an amendment to the Act or a regulation of the Board of Grain Commissioners. Mr. Milliken is in a better position to answer that question than I am. It will have to be recognized officially in some way; either by amendment or by regulation of the Board of Grain Commissioners.

Q. In regard to protecting the public elevator against a big flow of low grade wheat, have you a practical proposition as to that? It seems to me it would be a difficult proposition.—A. I do not know whether our counsel has anything in the way of a suggestion; but it would seem to me that it would be quite an easy thing or practical thing to do, provided that this higher standard was set up. There should be some provision made that a public terminal could protect itself against accepting a run of low quality grain in any grade.

Q. You could if you were receiving it from one source, but if it were coming in from a variety of sources?—A. It would not likely be, unless it was coming from one source.

*By Mr. Millar:*

Q. How could cargoes go out of the public elevators, coming in from many sources some above the minimum, some at the top—always a great many cars from different sources—how could cargoes possibly go out as you have described, some near the middle and some near the top? What particular circumstance would ever permit a cargo to go out near the maximum?—A. Again, I would like to say that I am not a practical grain man, but in the answer I will give I will be guided by our own practical men and what they tell me. I know that is likely to be a fact. For instance, you might have a run of particularly low quality Three Northern, or any other grade you might name, coming from northern Saskatchewan over Canadian Northern lines and going to certain terminals; that is, if there was nothing to interfere with it ordinarily running to certain terminals. You might have an entirely different quality of Three Northern—perhaps a high quality of Three Northern—coming from southern Saskatchewan over C.P.R. lines and going to other terminals. I think that can be stated as a fact. You would have a different quality of the same grade in different terminals.

Q. Admitting a slight variation, I do not think there is any denial of that; but I do not think they ever come out of those bins—some near the bottom and some near the top.

*By Mr. Ross (Moose Jaw):*

Q. It is not a slight variation in the case mentioned, it is a very wide variation, and makes the difference in a grade?—A. Quite possibly a very wide variation in the quality of the same grade.

*By Mr. Campbell:*

Q. Have you any reason to believe that any of the grain leaving Fort William with a certificate final is mixed at Montreal?—A. No, we have no reason to believe that.

*By Mr. Fansher (Last Mountain):*

Q. With reference to the price or spread between grades, I think you said that No. 5 was eleven cents below No. 4, and No. 6 was around fifteen or sixteen cents below No. 5. There are twenty-seven cents between No. 4 and No. 6. Would it not be advisable, instead of putting in one grade there, when we are going to tighten up No. 3, that is, making the margin from high 3 to low 3 lower than it now is, is there not a possibility for two grades in there, to give

the producer of wheat something nearer to the value than he would receive with one grade only? My contention is this, that where the spread between grades is greater than five cents, there should be an addition of 4A or 4B, 5A or 5B, and narrow number 4 up, in order that the spread would not be so great, because a man shipping in the highest, No. 6, would have to take the low price. This proposal of only one point below 5, penalizes to the extent of sixteen cents, so why not have two grades? It would be as easy to insert two grades in the Act as one, if the grades are narrowed from 3 to 6. I think there is room for that. What is your opinion?—A. I would say as to that, that if this was an average year, I would personally be of the opinion that there was room for two grades, and it might not be out of place to have a provision made or authority given to somebody, the Board of Grain Commissioners or somebody else, to deal with a situation that arises in a year like this, when there is such a tremendous volume of low quality grain. In the average year, when we have not a very great deal of low grade grain, due to any cause, I think the insertion of one grade would be enough, because it is not alone the intrinsic value of the grain, the wide spread between one grade and another is determined to a large extent by the quantity of that grain. Grade No. 6 is a drug on the market this year, largely on account of the tremendous quantity of No. 6 on the market.

Q. I see your point. It is not the variation in the quality as between high 5 and low 5, it is the quantity that determines it?—A. No, I would not say that. I would say that they both have to be taken into consideration. For instance, if you had a very small quantity of No. 6 Northern this year, a very small quantity, I do not believe there would be the spread between No. 5 and No. 6 that exists to-day, just for the reason that in the year 1926, the year we had a much larger percentage and a tremendously higher volume of tough grain than we have ever had in Western Canada, the actual spread between tough and straight grade was seven to eight cents per bushel on the actual selling price. The next year, although we had a very large volume of tough grain, we did not have as much as we had in 1926, when all grades were down, sometimes as low as four cents per bushel. The actual intrinsic value of tough as compared with straight grain would not be so noticeable unless there was a much greater quantity and a greater spread than in other years.

This year we have a very small percentage, perhaps less than one half per cent, of tough grain. Our actual selling spread will not be more than one and a half to one and three-quarter cents per bushel. Does that make clear what I mean? Volume has a great deal to do with it, as well as the intrinsic value of the grain, in determining the spreads. So that in an ordinary year there is a possibility that you would not need the insertion of the one grade. That is a possibility.

*By Mr. Coote:*

Q. Have you any reason to believe that the practice of mixing is carried on in connection with Canadian wheat going through American ports?—A. No, we have no reason to believe as an organization that that practice is carried on.

Q. You have no evidence of it?—A. No, we have no evidence of it.

*By Mr. Millar:*

Q. You made a statement that there was grain coming back with other grain mixed in with it?—A. We have no evidence, as an organization. I may say that I made enquiries from buyers on the other side last year, and I asked them if they were buying Canadian wheat would they have any preference if they had a choice of ports, American or Canadian ports, and their answer was mostly that they would prefer to have the grain come from Canadian ports. But they did not state that there was any mixing or anything of that kind done, and would not make any statement of that kind.

[Mr. A. J. McPhail.]



*By Mr. Coote:*

Q. Do you think there is any difference in the standard as between grain going through American ports and through the port of Montreal?—A. I have no reason to think that.

Q. Do you think the standard of grain going out of the port of Montreal is equal to the standard going out of Fort William?—A. We have every reason to believe so.

Q. Is there any mixing done at the transfer houses?—A. We have no reason to suspect that there is. I have never heard any evidence in our organization that there is any mixing done at the transfer houses at the lake ports.

The CHAIRMAN: I do not want to make any attempt to curtail the discussion, but it is five o'clock and I understand there are more gentlemen here to address the committee.

*By Mr. Garland (Bow River):*

Q. Mr. McPhail mentioned the fact that the Wheat Pool Board were unanimously in favour of the proposition to increase the personnel of the Board of Grain Commissioners. Would the increasing of the number of commissioners be worth a darn, if we did not give them more powers under the Act?—A. No, we would like, if they have not enough power now—and we have heard a great deal of the fact that they have not enough power, to see them have enough power under the Act to enforce the orders they think necessary to give, in order to properly administer the Act. We would like to see sufficient penalties authorized as would enable the Board of Grain Commissioners to enforce any orders they give.

*By the Chairman:*

Q. If the Pools have any suggested amendment to the Act, will you file it with the committee?—A. Yes. We will be glad to do that. We have copies of the suggested amendments, car order books, etc.

*By Mr. McMillan:*

Q. Have you any copies of them for distribution among the committee?—A. Yes, sir, we have some, and we can easily prepare more.

*By the Chairman:*

Q. If the suggested amendments are filed with the Committee, they can be included in the report?—A. Yes.

*By Hon. Mr. Motherwell:*

Q. Have you any recommendations with regard to the Terminals? Are they to be continued?—A. I would say this. Mr. Chairman, that we feel, as three provincial organizations, that if you raised the standard, if our suggestion is accepted and the standard that we suggest is enacted into legislation, it will remedy the evil that is connected with the practice of mixing in private elevators at the present time.

Q. Your suggestion is, not to prohibit it, but to surround it with conditions which will make it difficult?—A. Yes, our suggestion is that we will remove the incentive to mixing, which is profit.

Q. Can that be done at Montreal without actually prohibiting it?—A. I think that in order, possibly to make sure that there would be no mixing after the grain leaves Fort William, there could easily be put in a system of inspection at the transfer houses in Montréal, and everywhere else.

Q. And at Fort William?—A. Yes, sir.

[Mr. A. J. McPhail.]

Q. Would that apply to the head of the lakes?—A. I think so. All you need to do, so far as the transfer houses in Montreal and these other places are concerned, is to see that the grain that goes out of those houses is up to the standard which has to be lived up to in Winnipeg.

*By Mr. Coote:*

Q. In regard to the penalties provided in the Act, have you any reason to believe that the Board of Grain Commissioners have attempted to make use of the penalties that are now provided in the Act?—A. We have no reason to believe that they have made use of any penalties they have under the Act, no.

*By Mr. Millar:*

Q. In case your proposals succeed, in raising the standard, and in doing the thing it may do—and quite possibly will do—that is, putting the mixing elevators out of business, without any provision for looking after the off-grades, which is hospital elevator work. Suppose they should go out of business without any provision being made, that is, that there was an uncertainty as to what the result would be, and they made no provision for the hospital elevators' work, might that not create an embarrassing situation which might cause a loss to the producer? Would it not be better to say, "We have definitely stopped mixing, now go ahead and make provision for the handling of off-grade wheat."—A. There might be. I hardly see any difficulty in the way of dealing with off-grade grains, because after all, although you speak of such a large number of grades, I understand, although I am not sure of my percentage at all, that possibly 95 or 96 per cent of the grain is covered by the ordinary grades. Most of the off-grades are tough, damp, smutty, mixed grain, and I think they can all be treated with the facilities we now have at Fort William. We have drying and cleaning facilities, and all that sort of thing. I do not know, and I am not going to say that it would not be a good thing to do, as some members of the Committee here suggest, that in addition to raising the standard you prohibit mixing by law. I would not say that; I am presenting here the views of the three western pools on certain matters upon which we have unanimously agreed. But I am not going to say that what is suggested would be a good thing, in addition to what we are suggesting.

*By Mr. Ross (Moose Jaw):*

Q. In connection with your out-turn under the system you speak of would it not be well for the inspection department to see that the grain bein loaded into cargo boats would only go from one bin at a time and be checked by the automatic sampler as it goes?—A. Probably, but I may say that in addition to the inspections at the head of the lakes, we inspect our own grain being loaded into our own boats, and after all, if the sample that is being loaded into the boats, is up to the standard we suggest, there is no danger of the evils which arise from mixing—if it is up to the standard. If this standard is put into effect, it is a matter of having proper and strong administration, to see that the standard we have established is rigidly adhered to, and that means having a body in charge of the administration of the Act, who will rigidly enforce the terms of the Act.

*By Mr. Lucas:*

Q. If we prohibit mixing by law, would that prohibit the mixing of our wheat in the United States, say at Buffalo. A number of the grain companies have terminals at Buffalo, and if we prohibit the mixing of our wheat in Canada,

[Mr. A. J. McPhail.]

would there be anything to prevent them shipping their wheat to Buffalo and mixing it there as they saw fit?—A. We have no evidence to lead us to believe that there is any mixing of our grain at Buffalo.

Q. The point is, if we prohibit it in Canada, will mixing be transferred to Buffalo? That is a matter for the American law, is it not? I understand the American law prohibits the mixing of our grain at American ports, and I understand there are very severe penalties in that country against mixing.—A. That is what I have always understood.

*By Mr. Ross (Moose Jaw):*

Q. Could that not be avoided by refusing to allow a Canadian certificate?—A. Yes.

*By Mr. Vallance:*

Q. Does that not only apply to mixing American and Canadian grain?—A. It would not forbid the Americans mixing different cargoes of the same grade with each other. There would be nothing wrong with that, but I understand the identity of each grade is preserved through the American ports. At least we have nothing to lead us to believe that it was not done, and I think probably we would have heard of it if it was done.

*By Mr. Donnelly:*

Q. There would soon be complaints there.—A. Yes. We have nothing to lead us to believe at all that the different grades of our own grain are being mixed in American ports.

*By Mr. Millar:*

Q. That raises a very important point and one it is hard to get accurate data upon. Grain that goes through in bond to the United States could not be mixed?—A. No.

Q. Canadian grain mixed in the United States could not receive a Canadian certificate?—A. No.

Q. Some may say that it would make no difference, that it would be sold as grain of Canadian origin. The British buyer would very soon find out if there was a difference between grain going to the United States even though they were told it was of Canadian origin. It would make a difference in price if there was a difference in value?—A. It would very quickly be known.

Witness retired.

C. H. BURNELL called.

The WITNESS: Mr. Chairman and gentlemen, I do not need to take up the time of the Committee at any great length, but I wish to emphasize what Mr. McPhail said, namely, that the three pools are in agreement upon the matters he presented.

There are one or two phases of it that I would like to emphasize, particularly the mixing at Montreal, because that is of particular importance to our province, where we raise so much Durum wheat and so much barley. However, the mixing that we object to and is illegal and which requires a rigid enforcement of the present legislation is, the mixing of Canadian grain with American grain. One excuse I understand that has been given to some members of the House for the mixing at Montreal is that they have to mix American barley with Canadian barley in order to get a barley that will sell as malting barley.

[Mr. C. A. Burnell.]



You farmers will readily realize that that is a ridiculous excuse, because in developing the market for malting barley we find that the thing the maltsters require of us is barley of the same type segregated, and that is why we are asking for the grades. I understand we are to take that up later with the Committee, the new grades of barley, so that we can segregate our malting barleys.

The CHAIRMAN: We are to have a meeting to-morrow morning, to take up the barley question.

The WITNESS: I am mentioning this in connection with Montreal, and you can readily see that you could not mix Canadian with American barley, because you would be mixing different types of barley. One thing the maltsters require is barley with uniform germination, and you cannot get that with different types of barley, if they are mixed. In the west if we mix O.A.C. with Treby barley we are immediately in trouble.

The mixing of our Durum is very important. The pool has been developing a market in Europe for these grains, under their Canadian name, that is, we have been developing a market for Canadian Durums which are very much superior to the Durums grown in the United States. I am informed that at one time the United States Government brought from Russia some thirty different varieties of Durum, some of them of very low value for making macaroni—that is a particular use for Durum—and these grains were put out to the farmers before they were properly tried out, with the result that the United States farmers have been growing a mixture of Durums of low value as compared with Canadian Durums. On account of the small volume of Durums in our West, they were using this Canadian Durum to build up the quality of this American Durum. Now, we have Durum coming forward in such volume that it equals about one-half the wheat handled by the Manitoba pool, a late yet fair Durum wheat. It is important that we market that grain by itself without having it mixed with American grain, so it is a very serious matter to the producers of Durum wheat, the same as to the producers of barley.

With regard to enlarging the Board of Grain Commissioners, we are very strongly in favour of that, because the growing of grain and the handling of it is now a very much larger industry than it was when the Board was first appointed. Our western country is so wide and the distances so great, that you will readily see that if the Board is to keep in close touch with the producers of grain, it will be necessary for them to do considerable travelling. At the same time it may be necessary for them to have a representative at Vancouver, and a representative in each of the three provinces. We suggested to the Minister yesterday that one way of helping out the Board, if it was enlarged, would be to possibly furnish them with a business car, so that they could have an office on wheels, at least part of the time, and keep in close touch with the producer.

As an organization which has now handled during the last five years almost one billion bushels of grain, we are up against this difficulty, and we know that other grain companies are up against the same difficulty, that is, the organizations which handle the grain have had to do the educational work for the inspection department, which is a large public service department, and which does no educational work. The producer pays for that work out of the inspection fees, and we feel that the educational work with the producer, as to how his grain is graded, should be carried on by that department, particularly because now we have two elements in the trade; we have the private grain trade, and the pool, and you are very likely to have confusion among the growers when this educational work is carried on from two different angles, therefore we are very strongly in favour of the board being so equipped that they can have men who can actually grade the grain, and who can at certain times in the year, when

the pressure of work in the inspection department is not so great, get out into the country, hold meetings with the farmers, and discuss these problems with the producers of grain.

*By Mr. Fansher (Last Mountain):*

Q. Has any effort been made at Montreal to stop this mixing of which Mr. MacPhail has been speaking?—A. Our sales man, Mr. Melvor, had a meeting with the Commission and the Board of Harbour Commissioners there. I think Mr. Milliken has the evidence.

Q. You have the evidence taken at that meeting?—A. We have a report of the meeting.

Q. Could this Committee have that; would it be available for them?—A. I think so. I understood that Mr. Milliken had it here.

MR. MILLIKEN: It was all taken down in shorthand and transcribed, the proceedings of the meeting.

*By Mr. Fansher (Last Mountain):*

Q. Is it possible for that report to be made available?—A. Certainly. We are willing to give the Committee any evidence we have on any of these questions.

*By Mr. Donnelly:*

Q. Does the Board of Grain Commissioners not keep supervisors at Montreal?—A. Yes; this has been going on with the approval of the Board.

Q. Have you reported to the Board of Grain Commissioners?—A. We had a meeting with the Board of Harbour Commissioners, our salesman did.

*By Mr. Millar:*

Q. Some years ago a plan worked very well in western Canada, when Mr. Castle was warehouse commissioner. He was allowed a deputy commissioner, Mr. Snow, who travelled the country, and I do not think we ever had less disputes than we had that year and I do not think the grain trade ever worked so smoothly. Your proposal is to retain the present Board of Grain Commissioners, and to add to it. Is that your proposal?—A. We are asking that the Board be enlarged to five. I may say, Mr. Millar, that we are willing to leave the personnel of the Board to the government who is responsible for it.

Q. Would it work out satisfactorily if the Board in future consisted of three members and provisions made so that they could have two or three, perhaps half a dozen deputies, to do this educational work; would that not work out as satisfactorily, and possibly more so?—A. I did not mean to leave the impression that the Board itself could do the educational work. My personal idea is, and we have discussed it at various times as to how it would work out, that some of these deputies would be available at certain seasons of the year to do the educational work. A farmer would listen to the man who actually graded his grain.

With regard to the enlargement of the Board, we are strongly in favour of a larger Board, because the volume of grain and the area of grain growing is so much larger than it was when the Board was appointed.

The CHAIRMAN: These recommendations can go in as part of the record.

### *General Mixing*

The Pool Boards recommend that the standard used for outgoing inspection from terminal elevators be on the basis of 75 per cent of the average of the grade passing the primary inspection point, plus 25 per cent of the minimum standard of that grade—

[Mr. C.H. Brumell.]

*No. 3 Manitoba Northern Wheat:*

It is considered desirable that No. 3 Manitoba Northern Wheat be defined more clearly so as to give it a fair comparative value with the other statutory grades. A suggested definition would be as follows:—

*No. 3 Manitoba Northern Wheat* shall consist of hard red spring wheat, equal in value to Marquis wheat; shall be reasonably sound and reasonably clean, weighing not less than 57 pounds to the bushel and shall contain 25 per cent of hard red vitreous kernels, or may be composed of soft varieties of red spring wheat of fair milling quality which shall be reasonably sound and reasonably clean, weighing not less than 58 pounds to the bushel and contain not less than 35 per cent of red kernels. May contain Amber or Red Durum singly or in combination up to two per cent.

*Nos. 1 and 2 C.W. Amber Durum:*

It is also considered desirable that the Amber Durum wheats which are becoming more and more standard crops in large areas of the West should be more clearly defined than is at present the case, a suggested definition would be as follows:—

*No. 1 Canada Western Amber Durum Wheat* shall include all varieties of Amber Durum wheat equal in milling value to Mindum Durum. Shall be sound and clean, weighing not less than 62 pounds to the bushel and shall be composed of 75 per cent of hard amber coloured kernels. It shall not contain singly or in combination, more than 5 per cent of other varieties of Spring or Winter wheat.

*No. 2 Canada Western Amber Durum Wheat* shall consist of varieties of Amber Durum wheat equal in milling value to Mindum; shall be reasonably sound and reasonably clean, weighing not less than 60 pounds to the bushel and shall be composed of 60 per cent of hard amber coloured kernels and containing not more than 10 per cent of other varieties of spring or winter wheat nor more than 5 per cent of Red Durum or may be composed of varieties of Amber Durum which are inferior to Mindum but which are of fair milling value, sound and clean, weighing not less than 62 pounds to the bushel and shall be composed of 75 per cent of hard amber coloured kernels and containing not more than 5 per cent of other varieties of spring or winter wheat, nor more than 5 per cent of the variety of Red Durum.

The CHAIRMAN: We have with us Mr. Plumer, a member of the Alberta Pool, representing Mr. Wood, president of the Alberta Pool.

BENJAMIN PLUMER called.

Mr. PLUMER: Mr. Chairman and gentlemen, I think the ground has been fairly well covered, but I would like to state our position in this matter in this way, that we have come to you with a number of recommendations and suggestions which we believe are going to work for the benefit of the entire trade.

You must get this picture in your mind, when you are dealing with questions affecting the administration of the Canada Grain Act and the business of handling grain. It is this: that we are representing, as we do, one-half of all the grain that is marketed, and we are going to be just as much affected as

[Mr. R. Plumer.]



anyone can possibly be if these changes we are suggesting should be made. We are not asking for some restriction to be placed upon someone else that we are not prepared to stand by ourselves. We will be just as much affected, so that if it is a detriment to anyone it is a detriment to us.

As has been indicated to you, these matters have been reviewed at considerable length by our experts in the different departments with which we have had to deal; we have had our country terminal elevator men, our country elevator manager, our legal men, and the advice of all the different branches of the grain handling department of our concern which has, as you know, wide ramifications, and we want you to bear in mind definitely that these things have been suggested with the idea in mind of effecting definite betterments in the grain handling machine as we see it. We do not feel that any suggestion of upsetting the whole machine as we know it now, causing a sort of revolution in grain handling, is a thing to be desired. You cannot turn over an organized machine, over night, which has been built up over twenty-five years or more. What we want to do is to pick out certain things here and there we see can be improved and logically improved upon, and to effect those improvements with just as small a degree of confusion as possible.

I used to be as an individual just as strong a supporter of the idea of abolishing mixing probably as any of you; I was just as much concerned with the grading of grain from the protein content point of view as any of you. We have though in discussing this thing found several conditions that might prove quite embarrassing if we tried to put them into effect prematurely, but I believe just as sincerely as that I am standing here to-day that we will come to these two points we have in mind. We are going to get to that stage just as surely as this thing is needed. We have never before had an organized body that was in a position to study this question from the producers' standpoint and figure out what the effect would be on the people involved. We could ask for some very radical changes, and they might be put into effect by people who have the power to do these things. We do not believe though that we would be well advised to ask for something which we were not sure could be worked out. We are asking for a practical solution of a number of things which we find need a solution and which have been indicated to you. We have different views amongst the members of the three boards of three pools, and there is probably just as wide a variance of opinion as there is among the men in this gathering to-day or amongst the men who are concerned with the growing of grain in Western Canada. But we have agreed unanimously that we can go this far, and we propose to ask that assistance be given to us in going this far. Then, as the situation develops we will go on from there. If we find that 100 per cent abolition of mixing is desirable and that this other is not all we hoped it would be, it is a big step in the direction of that same 100 per cent. But our technical men tell us that this is the utmost limit to which we can expect to go. I think you will find when other opinions are expressed to you by those standing in a different position from the pool men that they will tell you the same thing, but will probably tell you it is impossible. They may do that. We believe, being 50 per cent concerned with the change, that we can go further. I have not much more to say to you, but I want to suggest to you in all seriousness that when you discuss this thing you keep in mind the fact that you have to move through your own organizations—you men who are not in the pool—and that these organizations which will handle your grain are faced with the difficulty of taking it in in the country and finally shipping it out through some ocean port. You have sufficient facilities to handle this grain, as they are now constituted. If you expect to set up some peculiar system of handling, which is of questionable value, and which will cost a lot of money to provide the additional machinery

which will be required to perform this special service you must make allowances for that. Remember that the money always comes out of the wheat profits of the country and the terminal elevators and organizations which handle it, and it always will. When I say "wheat", I mean grain. You must also remember that if you ask for special expenditures, you have to pay for them. Keep that in mind. I have nothing further to say, unless there are some question which some of the members might care to ask, in which event I will answer them as best I can.

*By Hon. Mr. Motherwell:*

Q. I gathered from Mr. McPhail's remarks that mixing is prohibited at Montreal, but that there are certain practices in effect there. Is it prohibited by so many words in the Grain Act?

Mr. MILLIKEN: Yes. The Canada Grain Act says that Canadian wheat cannot be mixed in Montreal, and if American wheat is shipped through the port of Montreal and a certificate given, that certificate must state that it is all of American origin. There is a certificate being given to-day which does not say anything about American production, and it is issued with the approval of the Board of Grain Commissioners.

*By Hon. Mr. Motherwell:*

Q. Then the only way to stop it is to enforce the prohibition?—A. Yes, sir.

Q. If we are to be safe at the head of the lakes must we not also enforce the prohibition there, and should we not be asking the same thing all along the line?—A. You must remember this, gentlemen, that you really have two different problems with which to deal as between Montreal and Fort William. You have a hundred grades offered at Fort William which must be disposed of for the benefit of the men who have grown them. They have not always grown the grades which have been injured by frost or other agencies. Not of their own choice: they have been the victims of some untoward circumstance which has placed that grain in this position for this particular year. You have a large number of grades offered to you at Fort William which are amalgamated into a lesser number of grades shipped through the transfer houses and out through the port of Montreal and the American seaboard; so this problem is considerably different from the one you have to deal with at the first terminal point.

*By Mr. Donnelly:*

Q. You said that at some time in the future mixing would be done away with. We have listened this afternoon to a great deal of argument one way and the other, and the idea of the pool seems to be not to do away with the mixing, but to change it to mix up, as Mr. McPhail says, instead of mixing down. We have, however, had no argument or reason why mixing should not be done away with. You ask us to take your word for it, and the only reason we have so far was from Mr. McPhail who said that we could not get a uniform grade. We want some argument or reason why mixing should not be done away with entirely, and that is what I am expecting you people to give us.—A. I can give you several very apparent reasons, as handlers of grain, why mixing in the past has been a convenience to the producer. You have had within the last two months a complete tie-up of the Canadian Pacific main line to Vancouver which particularly affected Alberta. The trade and ourselves have boats coming in to that port which are fed by a stream of grain continually flowing there, and which is made up by sections which meet these particular boats as they arrive. You know within a few days of the time that these boats are to arrive to take your grain, and you prepare for them in your shipments. We

[Mr. R. Plumer.]

had a complete cut-off of that stream of grain; it found its way around to a degree, but if a boat comes up to take a cargo of No. 4 wheat and you do not have a sufficient amount of No. 4, you are faced with perhaps a £100 per day demurrage on that boat, and where are you going to get your grain? That has been a convenience in the past.

Q. That is provided for in the Act. You can ship a mixed cargo on boats.—

A. If you have already sold a cargo of No. 4 your buyer may take your No. 3 at the same price, or he may take your No. 5 at a considerable discount, but he has the edge on you as far as the taking of it is concerned. That is between you and your buyer.

*By Mr. Garland (Bow River):*

Q. You say it is possible to mix the grades as they come in to ship as near No. 4 as possible?—A. That is what you have to do.

Q. And if you cannot do it, you will be held up?—A. It might cost you considerable money.

*By Mr. Vallance:*

Q. Is that the reason why we are asking for a 25 per cent allowance in the mixture, because this is an organization which was founded particularly on many of these things practised in the grain trade prior to its establishment, and now you tell us that in order to get these things we will have to do certain things here.—A. The chief objection we have had to this mixing practice is that the work is done, but we do not get the benefit of it as farmers. If we got every cent there was in it, we would not care what was done with it.

*By Mr. Donnelly:*

Q. What percentage of your own wheat do you handle through your own elevators and what percentage through the line elevators?—A. Through our Alberta elevators we have handled a little better than 60 per cent.

Q. Of your own wheat?—A. Yes.

Q. How much would that be—of the province?—A. We do not know what the total production is this year and will not until the season is finished, but we will handle in the neighbourhood of 50 per cent or slightly better, and we will handle around 60 per cent of that through our own elevators.

Q. That means you return to the farmers about 30 per cent of the profits for mixing, because you do not handle the other 40 per cent, and you lose 20 per cent which goes to the line elevators. You want to continue that practice in order to return to the farmer this 30 per cent and 20 per cent to the line elevators?—A. No, sir. I do not see it the same way. The picture, as I see it, is that it does not make any difference whether it is pool grain or non-pool grain, if it comes to the terminal on a certain basis and is put out practically on the same basis. The buyer pays for it on the basis of what he gets, and that affects every one, whether pool or non-pool. The basis of price is the value that is contained in the grain, to the buyer.

*By Mr. Millar:*

Q. If the bases be low, they all lose?—A. You can set your bases high or low. There is no middle line.

Q. You are referring to the new bases?—A. Yes.

Q. I was interested in your remark in regard to protein. I do not know whether I understood you to mean that this was coming in time. There are some difficulties in the way, but do you believe that it is coming in time?—A. If it is a logical thing to do, I believe it is coming as sure as I am standing



here to-day. For the information of you gentlemen, I will say that in the new building we are putting up in Winnipeg we are putting in the nucleus of a research department which will handle some of these questions that we have not had the time or the space to handle heretofore.

Q. We had a definite proposal before the committee last year. While you are here, could you spare the time to give the committee some evidence on that point?—A. It would depend on when the hearing is to be held. I do not know just what you have in mind, Mr. Millar. Would the hearing be soon or later?

Q. Perhaps next week. It would have to be submitted to the sub-committee to make the arrangements. I only wanted to know if you could spare the time to give us some evidence on that point, if the Committee desires it.—A. I would like to say this that any knowledge that the pools have in connection with this whole matter we are only too glad to furnish because we are vitally interested as representatives of the farmers of western Canada, and we want to give the benefit of any knowledge that we have and to assist all that we can, but if the facts are as Mr. Millar has indicated, I want to point this out so you will have the benefit and not make a mistake unknowingly or might not accomplish what I have in mind.

*By Mr. Vallance:*

Q. It is quite evident to the pool members that there are a few of us who are unalterably opposed to mixing, and all we are asking are the reasons why, and you said you would give us some and you gave us one. If there are other reasons why, I think we should have them. I do not say this to embarrass you in any way, but it is to convince some of us who have for a considerable time held the opinion that mixing should be prohibited.

*By Mr. Lucas:*

Q. Could you tell the Committee how many grades your organization is called upon to deal with in a season—the number of grades of wheat?—A. It varies from year to year. It might be from 100 to 175 grades.

Q. I was under the impression that it was higher than that?—A. It varies as I say.

Q. As high as five and six hundred?—A. We have an index number of around 1,700. We do not have that many every year, but we have different sections of that 1,700 with different crops that they grow; and the uncertain part of this whole thing is that when you have evolved a system that you will think will work reasonably well, by the end of the crop handling season in any one year, you find the next year that you have an entirely different crop to handle, and the machinery that you had prepared relative to the crop you had the first year was to a large degree useless for the next crop.

Q. Having these several hundred grades to deal with, would it be possible for your organization to keep those grades separate and market them abroad?—A. It would present very practical difficulties, but as I said before would probably require a large increase in warehousing facilities with a large number of small bins to segregate each car-lot shipment that was different from another.

*By Mr. Donnelly:*

Q. Do you not think that such grades as tough and damp could be dried and put into bins and regraded and put in as straight grades?—A. There has always been a change in the chemical composition of dried grain after it has been dried. The grade would perhaps disappear in the process of conditioning this grain. We have this, as you know, taking the province of Manitoba as compared with the province of Alberta—we had a few years ago difficulty in allocating some of our Alberta wheats to the grades that were set up in the earlier

[Mr. R. Plumer.]

part of the season largely with Manitoba and eastern Saskatchewan grains. They have so many different characteristics, scattered over the length of the provinces from Winnipeg to the Mountains, that it would be difficult to place all of these grains in seven or eight grades and have them anywhere near similar, and you very possibly would be faced with the objection from the man who was growing a certain type of Four wheat, perhaps in Manitoba, where it might have been rusted. This man would object to his grain being placed with an Alberta sample of Number Four that was reduced in grade because of drought or frost, or perhaps hail, or some slight damage, but it might look to this individual very much better than the sample of rusted grain that would be got from Manitoba. You would have these difficulties of allocating these different types of grain. We asked a few years ago that the setting of the standard samples be arranged at a date when our Alberta friends could be represented in them more fully than they had been up until that time, and since then we have had some better satisfaction than we had prior to that time. It is unfortunate that the samples cannot be set definitely until nearly the middle of October usually in that a large percentage of the Manitoba and eastern Saskatchewan grain has moved. At that time there would be a possibility of a slight change in the standard sample.

*By Mr. Millar:*

Q. You said "cannot"; could you not modify that? Could they not?—A. It is difficult, Mr. Millar, in that our Northern Alberta grain sometimes may not come on the market until well on in October.

Q. Could not these samples be collected and sent in earlier in the season to the Grain Standards Board, sent much earlier, sent by express—the work of gathering them hurried up?—A. We have always insisted that that be done as early as practicable—as early as representative samples could be gathered.

*By Mr. Young (Saskatoon):*

Q. Am I right in coming to the conclusion that the Alberta pool is definitely opposed to prohibiting any mixing of grain?—A. The total abolition of grain mixing at the present time? Yes.

Q. Is that true of Manitoba?

MR. BURNELL: The members do not seem to be able to grasp our viewpoint. We think that the suggestion put forth by Mr. McPhail on which the three pools agreed would eliminate mixing as far as we can see it is practicable to do so. Our position is that we are quite in favour of eliminating mixing as far as we can see it is practicable to do so; but we do not want to do something simply because it is spectacular—and we cannot see how it can be carried out at the present time. If we can come back after another year and show some defect in this suggestion and some better suggestion by way of legislation, why we are prepared to do so. At the present time, that is as far as we are prepared to go.

MR. YOUNG (Saskatoon): In other words, at the present time you are definitely opposed to such legislation. I am going to ask Mr. McPhail what about Saskatchewan?

MR. MCPHAIL: I thought I made it fairly clear. The position we are in—the Saskatchewan organization as an organization are on record as favouring the total abolition of mixing. We are agreed as three provinces unanimously to go as far as was suggested to-day.

MR. DONNELLY: Would you mind telling us why you think it is not practicable?

[Mr. R. Plumer.]

Mr. MCPHAIL: This is the situation: it is much like dehorning a calf; it is far better to dehorn him with caustic before the horns have grown than it is to use the spectacular method of using the clippers later on. As far as we can say, it is to establish a prohibition of mixing, as far as it is practicable to do so, after a study of it by our technical men, and after five years of handling grain.

Mr. FANSHER (Last Mountain): I think there is just a little bit of misunderstanding here between those who are asking for the total abolition of mixing and the answers that our three pool representatives have given.

Mr. YOUNG (Saskatoon): I think we understand it thoroughly.

Mr. FANSHER (Last Mountain): Some of us do, some do not. If you prevented mixing by law—the total abolition of mixing—that would prevent what is called mixing within the grades, would it not Mr. Plumer?

Mr. PLUMER: If a grade was binned separately and we had total prohibition of mixing, you would certainly have mixing within the grade.

Mr. FANSHER (Last Mountain): We had an illustration from Mr. McPhail that if a certain quality of wheat was coming in from the northern part of the three provinces—coming in and going in to certain terminal elevators with the minimum of the grade, and then there was another stream of wheat coming along from another railroad with the maximum of the grade, and it was going out of the terminals, it would be impossible to pick out a thin cargo. That would be the practicability of mixing within the grade. Or you are asking for permission in case of a bid coming in and you have not Number Four wheat and you want permission to mix your five and three in order to get a Number Four cargo?

Mr. PLUMER: I said that that had been an advantage in the past. I think no one of us, and least of all ourselves, who have been associated with the control of this movement for some years, know how far it is going to go. We will have considerable time to perfect this thing and effect betterments for another time. We cannot afford to make mis-steps and mistakes, and until we are sure, until we know what we want and what the result will be, will we believe it is safe to go just a little bit slow.

Mr. BURNELL: I do not want our position in Manitoba to be misunderstood. As far as saying we are not in favour of the total abolition of mixing, we think that this would be practically a total abolition of mixing, and if you pass legislation simply saying that mixing is illegal what I am afraid of, as far as I have studied this question, is that I cannot see any way in which you are going to enforce that. If you take the suggestion about it given by Mr. McPhail on which we are all agreed, that is a practical way of eliminating it as far as the present time we can see it is possible to do it. The mistake the members are making here—some members—they are, mixing things up—we are “mixing” here. One man will be talking one moment about mixing within the grade, and somebody else about mixing the grades—taking a lower grade and putting it into a higher one.

Mr. DONNELLY: Did not Mr. McPhail say a while ago that he thought it was quite easy to enforce the legislation in Montreal, and that he thought it was just as easy in Fort William. He made that statement a few moments ago.

Mr. BURNELL: That is a totally different thing.

Mr. DONNELLY: I asked Mr. McPhail definitely about that very question—if we could not stop mixing at Fort William just as easily as at Montreal, and he said “Yes.”

[Mr. R. Plumer.]



Mr. McPHAIL: If I did, I may have conveyed a wrong impression, because you can easily understand, Mr. Chairman, that they have a much different situation in Fort William from what they have in Montreal. They have an entirely different situation, much more complex. They are shipping from Montreal grain in huge quantities and they have not got the very large number of grades. It is not a comparable situation at all.

Now, I would just like to say, in connection with the statement I made a moment or two ago, that we met some of the members from the west this morning, and said very much the same to them as I said this afternoon. I think they will bear me out that I have argued throughout in favour of the suggestions that we have agreed on in the three provinces. I have not argued against the proposal that certain men here are advocating. I have argued in favour of the proposal that we are unanimously agreed on. Now, what I said a moment ago in reply to Dr. Young is true; we have taken the attitude in Saskatchewan as we have in the three provinces that we will not move as three organizations in connection with matters that affect vitally the three organizations unless we are unanimous, and we have agreed unanimously to the proposals that I outlined here to-day. We consider that the suggestion in connection with raising the standard is a tremendous step forward. In my personal opinion it will eliminate mixing. Now, that is only a layman's personal opinion—not within the grade, but it will eliminate the adulteration of grades, the deteriorating of the quality of the wheat within the grade, and that is all we are prepared as organizations to do. I want to present a united front as far as the pools are concerned. As far as the pools are prepared to go; some of them might be prepared to go further than some others, but we have come this far unanimously, and we have the pool officers of the three western provinces behind the proposals we have here to-day.

The witnesses retired.

The Committee adjourned until Thursday, March 14th, at 11.00 a.m.

The Committee met at 4.20 p.m., Thursday, March 14th, Mr. W. F. Kay presiding.

The CHAIRMAN: Gentlemen, when we finished yesterday Mr. Plumer was on the stand. He is here again to-day, but he wants to catch the 4.45 train for Montreal, so if anybody wishes to ask him any questions, he will be glad to answer them for say ten minutes, but no longer.

BENJAMIN PLUMER recalled.

*By Mr. Donnelly:*

Q. Mr. Plumer, are you conversant with all the details of the business in connection with the shipping of wheat, or do you pretend to be an expert on that?—A. No, I do not pretend to be an expert, I am a farmer.

Q. You know some of the details in connection with the business?—A. I have some idea.

Q. Have you been at any of the terminals to inspect them?—A. Yes.

Q. Could you tell us something about how the mixing is done at the private terminals; I understand the Pool has been mixing for the last few years. Will you give me some of the details as to how it is mixed?—A. There are no secrets about it.

Q. I understand that. It is just for the information of the committee?—A. As far as the mixture is concerned, I would not begin to answer questions as to the proportion used, because they are different in each shipment.

Q. Give us just generally the information.—A. Any of you who have been in a terminal know you have the carrier belt going under each two rows of bins. The grain is spouted down to them, with outlets from each bin running on to the belt over to one of the elevator legs. It is carried up, and from there spouted into the boat. These bins of course are opened up, you take one bin, with one quality of grain, one with another, and you put in whatever amount on this belt you find is necessary to make a certain mixture.

Q. What is that mixture?—A. It depends upon the quality of grain you require. You make the mixture to suit your requirements.

*By Mr. Young (Saskatoon):*

Q. Do you still sell that wheat out of the elevator at the minimum?—A. Not at the minimum. As I understand it, the grade going out must be slightly better than the maximum.

Q. That is, this year?—A. Any year.

*By Mr. Donnelly:*

Q. You may have several bins open at the same time, several spouts, you may have one, two, three or four?—A. Yes sir.

Q. And different quantities in each?—A. Yes.

Q. As I understand it, some of these men have inspectors to see what quantity to put in to make the bin each day?—A. They have instructions to supply a certain number of bushels of a certain grade of wheat, that is required to make the requisite grade. It may be all of the same grade, different qualities of the same grade.

[Mr. B. Plumer.]

*By Mr. Young (Saskatoon):*

Q. When you take in wheat, say No. 1, on the minimum of the grade, is all that minimum in a special bin?—A. All of the minimum in a certain bin?

Q. If you get a grade, say grade No. 1, No. 2 or No. 3, does it go in a special bin and does it come out as such?—A. Not necessarily.

Q. Is it your practice to take the maximum of the grade, of any one grade, and the minimum, and put them in the same bin, or do you keep them separate deliberately, so that you can mix them?—A. I would think that the minimum cars which had a chance of being lowered would be segregated, and the maximum cars which had a chance of being raised would be segregated, so that they would be found to be in the proper bins after the survey had taken place, after the final inspection had taken place, but the average run of cars, would not, I think, be particularly segregated.

*By Mr. Donnelly:*

Q. The wheat is mixed, not in the elevator but as it goes out?—A. Usually, I would say.

Q. For example, in No. 3 you may have some Kota wheat run in, you may have some Durum, you may have some No. 6, or any of those grades running in to make up this No. 3; what grades would you have, to get it to No. 3?—A. You would probably use whatever material you had that would be allowed within that grade.

Q. What would go out would be very little above the minimum?—A. It might be very considerably above the minimum.

Q. As a rule it is very considerably above the minimum?—A. The nearer it is to the minimum, the better chance for a profit.

*By Mr. Millar:*

Q. Has the same courtesy been shown to your company by the inspectors as has been shown to some of the elevator companies, to see if it is going out up to the mark?—A. I would think we receive the same treatment as other people get. That is so, Mr. McPhail?

Mr. McPHAIL: Yes.

*By Mr. Millar:*

Q. That would enable you to mix it just as near the line as possible?—A. Our samples would be quite similar, I would think.

*By Mr. Young (Saskatoon):*

Q. Do you know whether the grain trade does the same mixing?—A. I don't know; I could not say.

Q. You do not know whether you follow practically the same practice as they follow?—A. I would think so. Our elevators are similar in construction.

*By Mr. Donnelly:*

Q. You use almost any grain you think will be suitable?—A. Almost any wheat would be suitable for mixing, depending upon your requirements.

Q. There is wheat which would be right at the line; do you make it a practice, if possible, to ship that wheat out of your mixing houses?—A. You might lose in the grades on that, even if you had placed it in a bin, from the certificate on the sample.

Q. That would be more at the public elevators?—A. I understand that would be the general practice.

[Mr. B. Plumer.]



*By Mr. Young (Saskatoon):*

Q. Is it your opinion that it is an advantage to the grain producers of Canada to ship grain from this country on the minimum grade?—A. As I stated yesterday, I think the basis may be fixed at any point, as long as there is a definite basis set, and if the buyer knows what to expect. He buys on the basis of what he receives, and the more uniform, as Mr. McPhail indicated yesterday, this sample can be maintained, the more liable we are I think to receive what the wheat is actually worth, if there is a chance for a wide fluctuation.

Q. I understand that the miller on the other side likes to do a little blending, and he wants to mix it in his own way. I have been informed by people who deal in large quantities of wheat on the other side that they would like to get grain here not on the minimum but on the average grade, so that they themselves could mix in their own way, blend it as they see fit, with grain from other parts of the world. If that is true, are you of the opinion that it would not be in the interests of the producers of this country for wheat not to go out on the minimum of the grade?—A. As I understand it, the chief object in blending on the other side is, using our wheat in their blend; to mix with other imported wheats from various sections of the world, and they require a better sample of our wheat than any one grade they are getting. They would of course have to buy a higher grade than if the samples ran evenly throughout the season of shipment.

*By Mr. Donnelly:*

Q. There is a contention that if our wheat dealers in this country do not mix the grain, then it will be shipped over to the Old Country and the buyers will do the mixing and get the profit, instead of our wheat trade in this country getting the profit?—A. There would be nothing to prevent them from doing that, I would think, unless by prohibitory laws.

Q. Do you think they do that at the present time?—A. I think they do as we have been doing here, trying to make the most money from the grain that possibly can be made.

Q. But it is chiefly mixed with grain from the Argentine and other parts of the world, it is not so much the mixing of Canadian grain as the grain of other countries?—A. I would think the chief object would be to obtain a certain result by mixing grain from other countries.

*By Mr. Millar:*

Q. This is a rather important point. Can you conceive of the British buyer, when he is getting wheat from Canada, knowing that he is buying on certificate, and finally taking whatever he receives? Can you conceive of him creating mixing elevators and mixing it after it arrives and before he supplies it to his customers? It is perfectly right that it should be blended after it is sold to the consumer, we do not care what he does with it, but what would be the advantage to the British buyer in setting up expensive machinery for mixing grain before he knows the result?—A. You know the Britisher blends flours, lots of times, as well as wheats, and he would perhaps mix, in a lot of cases.

Q. But that is done after the price is fixed?—A. Yes. That does not affect us to any extent.

*By Mr. Donnelly:*

Q. It is not the miller in the Old Country who does the blending instead of the grain dealer?

Mr. MILLAR: We have no objections to that.

[Mr. B. Plumer.]

Mr. FOLLIOTT: It would be the miller. I do not think the grain dealer on the other side does any blending or mixing. It would be of great advantage over there to the miller to buy grain and get the average, rather than the minimum, at the same price. I do not think the buyer is doing any mixing now; he may have, in the past.

*By Mr. Young (Saskatoon):*

Q. What percentage of your Alberta Pool Wheat do you sell direct to the miller?—A. Mr. Folliott can possibly tell you closer than I can. That would include the local millers?

Mr. MILLAR: Any miller, anywhere.

Mr. FOLLIOTT: It is pretty difficult to say, because a good part of the wheat we sell to the other side is probably sold to the miller in the long run, whereas we may sell it to the dealer.

*By Mr. Millar:*

Q. He may be the miller and the importer as well?—A. Absolutely.

Mr. FOLLIOTT: On the Continent particularly there are large numbers of millers who have to buy from the grain dealers.

*By Mr. Young (Saskatoon):*

Q. Do you know how much you sell to the grain buyers on the other side and to the millers, and what percentage you sell to the trade?—A. Our sales were 124 million out of a total of 210 million bushels last year.

*By Mr. Donnelly:*

Q. You may have wheat with 16 per cent moisture that you will mix with wheat with 12 per cent moisture, and the line companies will charge the man for drying his wheat and mix it with the other. You understand that that is done, do you not?—A. If the crop was such that the mixing could be done, outside of years say like 1926 and 1927, when we had so much damp grain, a lot of the damp grain would be mixed without drying.

*By Mr. Ross (Moose Jaw):*

Q. The dryers have never been used this year at all?—A. We have had a preponderance of dry grain this year.

Q. Only a small percentage of damp grain?—A. We have only had a small percentage of damp grain this year.

*By Mr. Millar:*

Q. In these practices you are speaking of, are the practices of the trade with which you are competing largely a determining factor in the practices followed by the Pool; are you forced to follow many of these practices, because of the trade with which you are competing?—A. Not necessarily, but the machinery is quite similar, so that the practices would be quite similar.

Q. Would you not be under a very great handicap otherwise?—A. We would lose, there is no doubt about that.

Q. You would have to compete with them?—A. As long as it is carried on, we must carry on in the same way as long as we cannot segregate our own shipments.

*By Mr. Young:*

Q. Will you be good enough to tell me just why you are not prepared at this time to ask for the total prohibition of the mixing of grains, not mixing within the grade, but the mixing of grades? Will you be good enough to tell

the Committee why at the present moment the Alberta Pool objects to having a prohibition of mixing of grades, not mixing within the grade?—A. If you will remember yesterday when I was asked about the Alberta Pool's attitude, I told you, "No, not at present," and I think that is our attitude, and that sets it out as well as anything else could. We are not sure that it cannot be done advantageously, but we are not sure that we are ready to do it just yet, but after we have tried another system which we think will largely accomplish the same thing, we will be in a position to say whether or not we should insist upon it, or whether or not this other system would go a long way at least towards accomplishing the desired end without legislative prohibition, which is sometimes hard to administer and enforce, it seems.

Q. Is that your objection, because it is hard to administer and enforce?—A. We do not know how far it may go, or what its ramifications may be, or what the effect may be on ourselves as well as upon others, so that although we are reasonably sure we think this other system would be a good start and is as far as we should go at the moment. We may come back next year and ask for what has been suggested, or the year after, after we have had some experience. You must remember, as I told you yesterday, that we are starting on something that is quite new, trying to effect betterments on a system that has been practised at least for a good many years, and before we make radical changes we want to have some idea where we are going, so we have just delayed taking any radical action such as this might be until we are sure what the effect is going to be.

Q. That is the only reason you have at the present time?—A. I think so.

*By Mr. Ross (Moose Jaw):*

Q. Your pool has had the control of the Prince Rupert elevator for the last year or so?—A. Yes.

Q. Have you endeavoured to find out through that elevator—you are handling I expect all the grain going through there—whether or not you could get better results by sending straight cargoes of grain without mixing, or not?—A. You men probably all know what the buyer's basis is and how it is affected, and for the benefit of some perhaps who do not know, I would just say this, that as far as I know the basis on which the buyer bases his price, his offer or his acceptance of our offer is this, that as early in the season as it is possible to do so, samples of our coming crop are made up, forwarded to strategic points over in the United Kingdom and Europe for inspection by prospective buyers. They get a chance to have a preliminary look at the grain that is going to come.

*By Mr. Millar:*

Q. Is that in addition to the standards?—A. That will be the standards.

Q. By the inspector?—A. Yes. Then the first shipments are tested to see how they will react in actual milling and baking practice. The buyer then decides as the stream continues to flow as to what his opinion will be on the different grades we are offering, and he bases his price as far as his offers are concerned upon the results that he has obtained in his actual experience with the different grades. He determines what the value of our wheat is as compared with wheats from the other countries that he may be using at the time, so that the basis that he buys on is the actual value of that wheat to him. Whether that standard be high or low, he works from one basis. If his shipments are liable to be up or down from what he had expected, of course he buys on the basis of the lowest grade that he may expect; but if the standard is set and is maintained uniform that is the basis he works from.

[Mr. B. Plumer.]



*By Mr. Ross (Moose Jaw):*

Q. Mr. Plumer, could you not very easily prove by shipments from the Prince Rupert elevator whether you would obtain better results from averages of grain from mixing? I realize that from the Montreal end you were at a disadvantage, but at Prince Rupert you had the whole thing in your hands and could have proved that, could you not?—A. We could put out especially good samples from our own house where we control the flow from the farm to the ship, but the buyer on the other side may, during the process of distribution, receive a shipment from Prince Rupert. The exporter on the other side may have a shipment from Prince Rupert, and the next one may be from Montreal or New York, and the man on down the line in the final process of distribution gets one sample from Rupert and the next one from Montreal, and the next one from New York; so he gets a variation. We have tried to put all of these samples on practically the same basis so that the man who gets the final sample shipment may get nearly the same no matter which port it comes from.

*By Mr. Vallance:*

Q. Following up your statement as to just how the miller or importer arrives at the values, you would contend that the agitation in the west about the grading that is being over grade. The farmer is still getting the price because it is of the higher grade within the grade. If you had a good strong 3 or 4, according to your statement the miller would pay more for it; so that the farmer to-day, whether you call his weed four or three, it is the value contained in the sample?—A. In the sample.

Q. So that the farmer to-day in the west has no kick on the grade?—A. In my opinion the grading system is used only for a basis of distributing the money he has received for all of the pool wheat, as far as the pool men are concerned. That does not determine the value of it as far as sales are concerned.

*By Mr. Donnelly:*

Q. I understand from the evidence given here by yourself and Mr. McPhail that you are not expert wheat handlers?—A. That is true.

Q. I understand there is a Royal Commission sitting in western Canada?—A. Yes.

Q. It has been in Calgary, I understand?—A. Not yet. I understand they are coming.

Q. It has been at the head of the lakes?—A. Not yet.

Q. I thought it went there first?—A. It had a preliminary meeting.

Q. It will be taking evidence at the head of the lakes and at these mixing houses, and from different men in the grain trade?—A. I presume so.

The CHAIRMAN: I do not think you should examine Mr. Plumer on what the Royal Commission will do.

*By Mr. Donnelly:*

Q. In your opinion, from an investigation of that kind, do you not think they would be able to give this Committee a fair idea of what is being done in the way of mixing after they are through with their investigation?—A. I would think they should be in a fair position to give you a fair opinion of the whole situation if their examinations are exhaustive enough.

*By Mr. Young (Saskatoon):*

Q. Do the pools handle a sufficient quantity of grain for export to in any way control the price of the grain?—A. That is a matter of opinion.

Q. It is an opinion I was asking for.

[Mr. B. Plumer.]

*By Mr. Fansher (Last Mountain):*

Q. Then, relative to the price of grain according to the quality, was there not a time when wheat shipped from Vancouver by the Panama Canal commanded a premium in the Old Country market over that from the Atlantic ports—Montreal, or Atlantic ports?—A. There is a fluctuating premium usually based on the geographical position of the wheat tributary to that point.

Q. Not based on the quality of the wheat?—A. Not entirely.

Q. Not to any degree?—A. I could not say as to any degree; but not entirely based on the quality.

Q. How much of a premium has existed, and what was the maximum?—A. I do not know that I could say. Mr. Folliott, would you care to give any opinion?

Mr. Folliott: It varies. Sometimes the Alberta crop—

Mr. FANSHER (Last Mountain): What has been the maximum?

Mr. FOLLIOTT: This year we have had a premium on grain in store, based on grain in store. From Fort William we have had a premium as high as ten cents.

Mr. CAMPBELL: Is there not a similar premium on grain from Atlantic ports, for Canadian grain coming from American ports?

Mr. FOLLIOTT: In years where probably the Alberta wheat—Vancouver would be altogether Alberta wheat—there have been years where Alberta wheat out of Vancouver or Rupert has been worth more money than out of the Atlantic ports.

Mr. CAMPBELL: But Professor Rutherford in his report in connection with the Turgeon Commission attributed it to the relative amount of mixing at the various ports.

Mr. FOLLIOTT: There is mixing at both.

Mr. DONNELLY: There was no mixing in Vancouver when Vancouver was opened up.

Mr. ROSS (Moose Jaw): I believe in the Turgeon Report the conclusion come to was that on account of the mixing—from mixing at the lake ports and from the Montreal end, premiums were very high. Now, I think in Mr. Justice Turgeon's report he showed where Vancouver 4 wheat sold for the same price at Montreal as 3 Northern. Now they have both been based on the same standard. If they have, then there is something wrong with the standards, or else the mixing certainly deteriorated the grade through Montreal?

Mr. FOLLIOTT: No, it might be that the grain through Vancouver, due to a climatic condition, or some condition, might be a good deal more valuable to the miller than from Montreal.

Mr. ROSS (Moose Jaw): Then why was it not based on 3 instead of 4?

Mr. FOLLIOTT: The Inspection Department handles that.

Mr. MILLAR: Just before mixing started in Vancouver I attended a meeting of the Board of Grain Commissioners and I heard the Honourable Mr. Stevens and several others, among whom were exporters of grain, state positively before the Board of Grain Commissioners that they had shipped cargoes and received again and again a premium of five cents; I think, in one case seven cents, but a premium of five cents from an importer, not because of geographic conditions, but simply because of the deteriorated quality of the grain before mixing started.

Mr. FOLLIOTT: As against what?

Mr. MILLAR: As against the eastern. They paid five cents more per bushel for grain shipped from Vancouver than for the same grade of grain shipped from Montreal, and at that time there was no mixing. But as Mr. Ross has

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stated, it is the same definition, the same standard, and yet they were paying five cents more, which is another proof that the buyers buy on quality.

Mr. FOLLIOTT: You cannot get that to-day.

Mr. MILLAR: I do not think you could, because there is mixing going on.

Mr. FOLLIOTT: We have had grain out of Vancouver and out of Rupert and grain out of the Atlantic ports all on the ocean at the same time that would more or less all have to be in the same position as far as selling is concerned, but once you get grain on the ocean, I do not care what anybody says, that man on the other side is beating you because you cannot land it. The charges for landing on the other side are very heavy. You have pretty nearly got to sell them your grain before it lands on the other side.

Mr. BROWN: The man buys on the standard, and having bought he is not goin to pay any premium?

Mr. FOLLIOTT: Yes. When you get 3 Northern on the ocean, whether it is at Prince Rupert, Boston, Philadelphia, or any other port, he buys that on the basis of what 3 Northern is trading at at his particular port; because he does not know whether that 3 Northern at Rupert is any better than the other 3 Northern.

Mr. DONNELLY: If he found after a period of months, and he bases his price on the minimum, that the average he got from the Pacific coast was better than what he got from the Atlantic, do you not think he would pay a bigger price?

Mr. FOLLIOTT: He might pay a little bigger price.

Mr. ROSS (Moose Jaw): You argue that on account of the very high charges for landing grain in the Old Country there would be very little possibility of mixing up or down in the Old Country?

Mr. FOLLIOTT: If you can land wheat at a minimum charge in a public elevator there might be a possibility of getting a premium for grain that was a little higher than the minimum of the grade.

Mr. DONNELLY: Do you not think that if you had wheat shipped to the Old Country continuously for some time that was always above the standard, they would be inclined to pay a little more for it rather than for grain in the line?

Mr. FOLLIOTT: They might pay a slight premium. I hesitate to think that they would very much because the U. K. buyer is one of the shrewdest.

Mr. DONNELLY: You admit that he pays for what he gets. If he finds that he is getting something better he will be willing to pay for what he gets.

Mr. FOLLIOTT: He pays for what he gets, but at the same time he does not want to pay any more than he possibly can, and as a consequence when he knows that the minimum is so and so and whether your shipment is a few points above the minimum he is going to try and be at the minimum.

The CHAIRMAN: Gentlemen,, you are examining Mr. Plumer.

*By Mr. Millar:*

Q. In 1923 or 1925, Mr. George Serls, former Chief Inspector of Grain, was asked a question to which he gave this reply. He said: "Grain going into a terminal elevator goes in at the top sometimes and at the bottom, and some at the middle, but it does not go out that way; it goes out on an even grade".

Now, the argument was used that if a lot of poor grain goes into the elevator that would cause a broad variation; a lot of it would be at the bottom or at the top. I cannot see that. If a lot of poor grain goes forward, that may has no relation whatever, so far as I can see, or very little relation to the

[Mr. B. Plumer.]



account for a greater proportion of the grain being of the lower grades, but it variation within the grade. Now, have you had practical knowledge of the outcome from an elevator to say whether you agree with Mr. Serls's statement? I have not got it here. You will have to take my word for it that he made the statement—all grain goes out from terminal elevators on an even grade?—A. I would think it would be put out as evenly as it could be done. I would think that that would be the logical way to put it out; because you must remember that if you put out a better article and the buyer pays you more money, it is costing the farmer naturally more money to produce that.

Q. You do not catch my question, Mr. Plumer. If there is no mixing, grain going into a public elevator—thousands of cars—some at the top, some at the bottom, some at the middle—when this is all mixed up, shipped out and graded out of that bin without any mixing except simply being mixed together, would not the cargo go out just about an even grade with very little variation from the top to the bottom?—A. Not necessarily, Mr. Millar, because the run of the wheat filling the one cargo might be greater, and the run into the next might be slightly different. I do not agree with the ex-Inspector's statement.

*By Mr. Garland (Bow River):*

Q. Would it not be from the character of the crop in the west? If the Manitoba crop was especially high and Alberta consistently low as the result of climatic conditions, there could be no possible similarity between the first cargo shipment and the last cargo shipment?—A. Yes, that is what I have in mind.

*By Mr. Millar:*

Q. Would it follow that there would be a variation within the grade because there was a lot of poor stuff going forward? Would there not be lots of it that will just escape a One and will fall into Two?—A. There possibly would be different characteristics, though, and it would not be the same quality of wheat.

Q. Different characteristics; but that does not account for this matter that there is more uniformity in the mixed grain?

*By Mr. Donnelly:*

Q. The statement was made here yesterday that if mixing were done away with entirely we might have coming along the Canadian National Railways a lot of cars from the north of the province at the minimum of the grade and some of them from the south of the province at the maximum of the grade. Do you think that that is at all possible? We might have good wheat coming from one part of a province and poor wheat from another, but can you conceive of all the minimum of number 1, coming from one section of the country and the top of number 2 coming from another section of the country altogether, and all in that one grade going into one elevator? I can understand that there may be a lot of poor wheat, but I cannot understand why it may be the minimum of that grade. We were told yesterday that if we had this mixing done away with we would have coming along the Canadian National Railways from the northern part of the province a whole shipment of wheat, thousands and thousands of cars, and all of minimum grade. I do not think that that is at all possible.

Mr. MILLAR: I do not think so.

Mr. BROWN: Except as regards number 1.

*By Mr. Donnelly:*

Q. I do not think that that is possible. You may have poor wheat and it may come down as 3, 4 or 5, and some of it will be the top of the grades—it will be the average in that grade.—A. There would be different qualities of wheat during the period of shipment. There might be enough variation, though, in the shipments from different sections to make some difference in the grain that you could out-turn from the terminal.

Q. You would have the minimum and the maximum of those grades 4, 5 and 6, coming in from all sections of the country.—A. We have it during this year. The weather and serious damage by frost along in August made it so that our grade has been cut down from a lot of number 1 wheat and number 2 to perhaps 4 and 5, and it is possible, I would think, that you might have a run of number 3 wheat damaged by frost which would otherwise have developed and made one of the higher grades, but it may go into the terminal, or a number of the terminals. By having a run of this wheat coming forward, a terminal can be filled in a couple of days, and a couple of days run off one line of railway might be enough for you to lose a grade on a cargo. I would think that would be possible.

Q. Do you think it is possible for such an amount of No. 3 to come in that it would be all at a minimum?—A. No, but it might be below the average. You would have a lower range below the average.

Q. There would be some both at the maximum and the minimum?—A. There would be some, but the preponderance would be the average.

*By Mr. Howden:*

Q. It seems to me the point in the minds of most of the Committee is whether the reputation of Canadian wheat has suffered as the result of mixing.—A. I cannot give you personal information, only what I hear. Mr. McPhail told you yesterday that his actual experience with the people who buy the wheat was such that their opinions would be reflected in the prices they would pay. I would not think they would say so much about it. His experience was that they had no complaint to make. Perhaps they would not voice it verbally, but it would be reflected in the price they would offer.

Q. There was a contention recently—I have heard it voiced in the House—that Canadian wheat was losing its reputation, that the standards were not being obtained and the European buyers were losing confidence in our Canadian standards.—A. As far as I know, our experience has been to the contrary.

*By Mr. Fansher (Last Mountain):*

Q. There was one other point on the question of premiums. I believe at the time they were loading practically directly from the cars into the boats, there was a premium of thirteen cents for a short time on Vancouver over Atlantic ports. On a rising market would any of that premium be due to the longer time taken for wheat to go from Vancouver around through the Panama Canal to the British market than from the Atlantic market. If the buyer felt there was a rise in wheat coming, would he offer a premium over the Vancouver ports?—A. Quite possibly, because he would get free storage, outside of the marine insurance.

Q. What would be the amount which would have to be considered?—A. It would depend on the period the grain was in transit.

*By Mr. Millar:*

Q. Is the fact that any particular interest who is handling or buying our grain is satisfied, proof that the system is fair to those who produce the grain?—A. I would say that one objection of my own organization is that one thing

you have in mind, the protection of and the profits for the men who grow the wheat. We are doing what we can to accomplish that end.

Q. You think it is not proof that because one particular interest is satisfied, the farmer is getting justice? Take the British farmer, if he is satisfied, does that prove the Canadian farmer is getting justice?—A. No, that does not necessarily follow.

*By Mr. McMillan:*

Q. Has the pool met the Minister (Hon. Mr. Motherwell) since he came back from the old country?—A. Not to inquire regarding that particular thing.

Q. Then you have not met him and have not received the impression he formed as the result of the information he obtained? My information is that he found things very unsatisfactory. The Deputy Minister is here and he might be able to give us some light on that.

*By Mr. Ross (Moose Jaw):*

Q. Mr. Plumer, I would like to go back to one point. Has your pool ever tried, through its selling agencies in the old country, to sell any special cargoes of wheat through a particular port?

*By Mr. Millar:*

Q. Have you volume enough there?—A. The volume would be small and very scattered, so far as our supplies shipped across the water are concerned. I believe that by increasing the quality of our wheat we could increase the price. No question about that. But remember this, that when you increase the quality, it costs you more money, so are you gaining or not?

*By Mr. Ross (Moose Jaw):*

Q. Have you tried to find out in a practical way by shipping cargoes of the averages of the grain as they come through your elevators without mixing whether you could make more money for your producers, or whether they just mix the grades in every elevator you handle? You had an opportunity at Prince Rupert to do that, and I want to know if you did it.—A. I do not think we made that experiment at Prince Rupert, but I think I am correct in saying that our experience has been that if we improve the quality, we will get a higher price.

*By Mr. Millar:*

Q. How much grain do you ship from Prince Rupert?—A. Last year we shipped between 7,500,000 and 8,000,000 bushels.

Q. It would take a bigger volume than that to establish a new price?—A. There were about 80,000,000 bushels sent out of the port of Vancouver.

Witness retired.

ROBERT MILLIKEN called.

The WITNESS: I understand that what I am to discuss with you is the so-called hybrid ticket. I assume every one knows what that is. Some one asked me last night who gave it that name, and said it must have been a farmer.

In 1925, the Turgeon Commission recommended not only a revision of the Canada Grain Act, but Mr. Justice Turgeon, at the request of the government, drafted a revised act and in section 152 of his act he pointed out that the old act was ambiguous in that it had in that particular section the words that the tickets given to the growers should, amongst other things, say that if either

[Mr. R. H. Milliken.]



parties so desired the grain may be delivered in carload lots. Mr. Justice Turgeon in his draft of the Act, which was submitted to the House first in 1925, changed the section to make it clear that it was the grower who had that right. There was a dispute as to whether the grower had it or not, and he drafted in that section the words: "if he so desires, he has the right to designate the terminal elevator point". He also drafted a form of ticket which would conform to what the section said should be in the ticket. That form of ticket which he drafted was almost identical with the form of ticket in the previous Grain Act of 1912, with the exception that it had added in the words "if he so desires" instead of "if either party so desire". You remember what happened to that when it went through the House. The section was pretty badly mutilated before it got through the House but very little happened to the form of the ticket which Mr. Justice Turgeon drafted. The only thing that happened was that the words were taken out of it, "if he so desires", and no words inserted to replace them. What he did have was the right to name the terminal point, whether it would be Vancouver or Fort William, and it was taken care of in the ticket as well as in the Act.

In 1927 that section was amended to read exactly the way Mr. Justice Turgeon had drafted it in the 1925 act, or the Act got back into it in that particular section the words "if the grower so desires, he has the right to state not only the terminal point, but the terminal elevator at that point". That called for an amendment to the form of ticket then in use. It was not amended by Parliament; it was amended largely after the amending legislation by order-in-council. When the ticket was amended by order-in-council, all that was necessary to do to the ticket to make it conform to the amended legislation was to put into the ticket the words "if he desires" and "terminal elevator" instead of "terminal point". Those were the only words which had to be changed. Five words have made the change back into the form of ticket which Mr. Justice Turgeon had put into his draft of the Act in 1925, but what actually happened was that the Board of Grain Commissioners submitted a special ticket which in the case of the special bin ticket contained forty words of a change instead of five. Out of the special bin form of seventeen lines, twelve lines were altered or changed in their wording. Now what was actually done? The section of the Act—No. 150—which was the one dealt with by the amendment said that the ticket should contain, among other things, certain information, but what was actually done by the Board of Grain Commissioners was that they took out of the section the actual words used in that section, and put them into the ticket. The section of the Act did not say "the ticket shall contain the following words", but it said, "it should contain the following information", and they took those words out of there and put them into the ticket, with the result that instead of the ticket reading, as Mr. Justice Turgeon recommended, that the "grain is deliverable to the above named or his order", it read, amongst other things, "the grain is deliverable to the person on whose account it is taken in storage". It is true that section 150 contained those identical words. It says, "the ticket shall state upon whose account the grain is taken into storage", and the Board of Grain Commissioners undertook to literally take those words out of there and put them into the ticket and say that was the proper form of ticket. It was a peculiar thing that while the pool was taking a rather prominent part in seeing that legislation was passed through the Senate, they had not the least information as to the form of ticket which was being submitted; they did not know anything about it at all until after the form of ticket was in use. They did not know that the Board of Grain Commissioners was undertaking to completely revise the form of ticket in the Canada Grain Act on the strength of an amendment which called for a change of five words in that form of ticket. When they got the ticket out by order-in-council some four or five months later the grain trade took that same ticket and made another alteration in it. You may not be familiar with the second alteration, but the alteration

they put into the ticket made it read, "received from, say, John Jones, 60 bushels of wheat". Then they put in after the words "John Jones", "on account of the Saskatchewan"—or whatever pool it was—"Co-operative Producers, Limited". They supplied these tickets to be used by farmers who might deliver pool wheat to their elevators, and they had for that form a ticket which read "received from John Jones on account of the Manitoba Wheat Producers, 60 bushels of wheat", and in the printed part it read, "the person in whose account it was taken into storage". If the first change had not been there, the second change would not have meant anything. With the second there, and the first change there, it meant there was not a farmer who got that ticket who had the right under the ticket to state the terminal destination of his grain in so far as any particular right was concerned.

They had not the right; the pool had the right; the farmer did not have; it was taken completely away from him by that form of ticket.

Now, there is a very interesting thing about the form of ticket. There are three or four sections of the Act which deal with the form of certain tickets. Section 148 says, "The ticket used must be in the form prescribed by the schedule of the Act," but it proceeds to say that the Board of Grain Commissioners may alter or approve of any form. That section does not say that any one but the Board of Grain Commissioners had to approve of it. We find when we turn to the other section that the Board of Grain Commissioners cannot approve of the form of ticket unless it is submitted to or approved by the Governor-in-Council. Section 225 puts a penalty upon any one who uses any form, unless it is approved by the Governor-in-Council. The Governor-in-Council, so far as we know, was never asked to approve of the second change put into that form of ticket by the grain trade, but the pools asked the Board of Grain Commissioners as far back as October, 1927, to stop the use of that ticket, as it was not prescribed by the Act.

I understand that the Board of Grain Commissioners have stated here to some people that the Pools never asked that that ticket be stopped in use. I have copies of correspondence written from our pool office in Regina, by our Secretary to the Board of Grain Commissioners, starting with October, 1927, objecting to the form of that ticket being put into use, and some months afterwards the Board of Grain Commissioners obtained an opinion from the Department of Justice whether that ticket could be used or not. It never was approved by order in council and I submit that according to the Act there should not be a ticket used that varies from the schedule of the Act unless it is approved by the Governor-in-Council.

There are four sections only dealing with the form of ticket, and who has the right to follow them, and if you like, I will deal with that in a few minutes. We took the matter up with the Board of Grain Commissioners in October, 1927, and I have copies of the correspondence and copies of the telegrams we sent to them, and if the Committee desire, I will be prepared to hand a copy of all this correspondence in. It commenced with October, 1927. The Board of Grain Commissioners finally came out with a ruling on the matter, after they got the opinion of the Department of Justice. I may say that they first came out before they got the opinion of the Department of Justice with a telegram to us that if the grower demanded the old form of ticket, which did not have the second alteration on it, he was entitled to get it. After they got the opinion of the Department of Justice they came out with the same ruling, but they seemed to weaken after a while on that. I have before me a copy of a letter written to Mr. Perley, of the Alberta Wheat Pool, dated January 2nd, 1929, signed by Mr. Snow, one of the Grain Commissioners, in which he makes this statement: "If the grower delivers grain with the representation that it is pool grain, the elevator is entitled to regard it as being taken into store on account



of the Pool and ship it to its own terminal." That scarcely agrees with their first ruling that the grower had the right to demand the old form of ticket. What happened? They found in the case of the companies that they did not have the old form of ticket in their possession, or refused it, and we have actually a case at Tessier, Saskatchewan. I have the original and a copy of it, and I will be glad to file the copy. As I say, we had a case at Tessier last October where a man got a special bin, he put a load into the bin, and when he proceeded to get the ticket (the hybrid ticket) with the two alterations, the farmer refused to take it. He has not got a ticket yet for the load of wheat, and the Board of Grain Commissioners has not succeeded in doing anything in order to see that he does get it. You cannot get anything out of the Board of Grain Commissioners unless you file an affidavit, not if you are a farmer. An affidavit was filed, signed by the farmer himself. It was done by the United Farmers of Saskatchewan. The thirtieth of November is the date of the affidavit. I have copies of these affidavits here. In that affidavit he swore to what I have told you, and he got a letter back from the Board of Grain Commissioners, signed by Mr. Snow, enclosing a letter from the manager of the grain company in question, and the manager of the grain company in question makes a very amusing statement. He says that the affidavit is all right except in one particular, and that the farmer was wrong in saying he did not get a ticket; because on the 12th December their agent wrote to Winnipeg to get the ticket back here, and therefore the farmer must have accepted the ticket. Just to make it right, the farmer swore another affidavit, that he did not have a ticket. On the 10th or 11th February, Mr. Snow and Mr. Boyd, two members of the Board of Grain Commissioners, came down from Regina, where they had been making a test case with regard to a shipment of grain, mainly to see me while they were going through about this case. I did not know anything about the case at Tessier and I would not have known about it if the U.F.C. had not told me about it. Mr. Boyd was not feeling very well, and he is not, as you know, a well man. I said, "I do not see anything you are going to learn up there that you do not know now. I think, Mr. Boyd, you had just as well go on to Winnipeg as go up there."

On the 12th November they wrote a letter saying that after they had been in consultation with me and having accepted my recommendation, they had decided to wait until the Alberta test case was decided by the courts before they did anything about the load of wheat at Tessier. I suppose the wheat is still at Tessier, and he has not a ticket yet.

*By Mr. McMillan:*

Q. Is the test case going on?—A. It is not going on. The load of wheat will get there in due time.

Q. Why is it not going on?—A. We did not approve of that test case because it was going to be law suit to test the rights between the Pool and the line elevators under the agreement we have with the elevators to handle our wheat. We said if there was to be a case, it should be between the Board of Grain Commissioners and some company because they refused to comply with the Canada Grain Act.

Let us turn to this ticket which was approved by Governor in Council, not the hybrid ticket. It will be argued that that ticket complies with the section of the Act. I submit you have to look at the Act, not at one section, to see what should be on the ticket. These sections I will refer to deal with the ticket and what happens under the ticket. Section 151 of the Act says "upon request for shipment made by the holder of such receipt the grain shall be delivered to such holder." |



But under the ticket the Order in Council approved of, it is deliverable, not to the holder of the receipt but to the man on whose account it is taken into store. Subsection 2 of Section 151 proceeds:—

The shipper shall in such case promptly call upon the railway company for cars.

Subsection 4 of the same section says that after the storage ticket has been issued the elevator may bin the grain of the person who has the storage ticket and issue him a cash purchase ticket to the person by whom such grain was delivered. These are the words used in that section. All these other sections make it plain that it is the farmer who has been delivering wheat, taken in on account of the farmer, not of the wheat pool.

Subsection 5 of Section 151 proceeds to say that notwithstanding the provisions of subsection 4 of this section, the holder of the cash purchase ticket shall do so and so, not the person upon whose account it is taken into store shall do so and so, but the holder of the cash purchase ticket.

Section 152 provides, "on the return of the storage receipts, if the shipment or delivery of the grain at a terminal point is requested by the owner thereof."—upon return of the receipt delivery is requested by the owner thereof, certain things must happen.

Section 153 deals with certain things, certain charges, that grain must be delivered to the owner, not to the person on whose account it is taken into store.

Section 154 says that if not shipped within 24 hours after being ordered out, the elevator company is liable to the owner, and not the person upon whose account it is taken into store. I say this makes it quite clear who is meant. Section 155 says that if bin wheat is not shipped out when the company wants it shipped out, they can give 48 hours notice, and if it is not shipped out within 48 hours after a car is provided, they can give 48 hours notice to the owner, not to the person upon whose account it is taken into store.

Section 157 provides that if the person operating the elevator, when called upon to do so by the owner of the grain, fails to account for the grain in accordance with the terms of the warehouse receipt, he is liable for conversion under the Criminal Code.

*By Mr. Ross (Moose Jaw):*

Q. Section 155 provides for the notice. Do you send that notice by registered letter?—A. Upon giving 48 hours notice to the owner or his local agent appointed in writing, the operator of any country elevator may forward any grain stored in his elevator. Sections 158 and 159 still use the same words in connection with getting out the grain, the question of identity, the question whether the identity has been preserved or has not been preserved, and if it has not been preserved he can do certain things, not the person upon whose account it is taken into store. It continues right on to 155, but not in the form the Board of Grain Commissioners submitted.

You know that grain cannot be taken into a private grain terminal, other than the owner's owned grain, unless they have the written consent of the owner, which must be in a form approved of by the Board of Grain Commissioners, on a private form. If you are not in the Pool, you cannot get a grain of wheat into that elevator without the consent of the owner, but the form of ticket approved by the Order in Council did away with that form. The form of ticket in the Act of 1925, as passed in 1925, and in the Turgeon proposed Act—these forms of ticket provided that the grain would be delivered at a public terminal elevator, but the amended form of ticket as submitted by the Board of Grain Commissioners, approved by Order in Council, took out the words "public elevator" and

inserted "terminal elevator"; in other words, it is a flat contradiction of Section 140 of the Act. This would enable them to put it into a private elevator without the written consent of the owner. You can see the absurdity of taking that one section of the Act, which says what must be contained in that ticket, and taking the objectionable words out and saying that that is the proper form of the ticket. I say it is plain that that cannot be done, when you read the other sections as to who is the proper person to handle grain; but when you come to the section which deals with the private terminal, that makes it of no effect, by taking out the word "public" and putting in the words "terminal elevator".

I am ready to answer any questions that may be asked of me.

*By Mr. Vallance:*

Q. Was this not an attempt to take out of the control of the pool the physical control of the grain?—A. That is a big question.

Q. That is to say, the pool directors believe that in order to get what this pool was organized to get, the greatest amount of money possible for the wheat, that in order to obtain that, we must have the physical control of as much of our wheat as we possibly can?—A. Are you asking that as a question?

Q. Yes.—A. That is correct. On top of that you must understand that the grower having already billed to that terminal gets his proportionate share of the earnings of that elevator. If it is not billed to the terminal, he gets no share of the earnings of that elevator. You can understand therefore that there are a great many men who are anxious to pool wheat at the pool terminal irrespective of whether or not they get any share of the profit, inasmuch as it is thought to be to the interests of the pool to have control of their own wheat.

Q. I have a letter on file at my office, written by a non-pool farmer, drawing my attention to a condition that existed during the movement of the past crop, in making an effort to get space in a non-pool elevator for his wheat. He was told by the operator of that non-pool elevator that there was no space there, yet they were taking in thousands of bushels of pool wheat, simply from the fact that by means of this ticket they were allowed to ship pool wheat to their own terminals. I can show by this letter that even the non-pool farmers do not have the privilege of using non-pool elevators, that they would rather take pool wheat in order to get control of the wheat.—A. You can get this from the Grain Enquiry Commission that is sitting in Saskatchewan. I attended a number of the sittings of that Commission throughout the month of December, as counsel for the pools, and at one point, purely by accident, we had the line agent of an elevator submit a ticket. I put in the subpoena that he had to bring in the tickets in use. I did not know anything about those tickets. From that time on I had them subpoena each elevator agent at almost every point to appear and to produce his tickets, and we discovered this amusing thing; we did not find one case where an elevator company had non-pool grain. They had the ticket authorized by the Order in Council, they had the ticket under the old Act, prior to the 1927 Amendment altogether, and actually in the case of one elevator, a very well-known one in both pool and non-pool, their tickets were in the form of the 1912 Act. I asked every agent under oath if he had had those for years, and in no case did they have them for more than twelve months; they were being supplied tickets in 1928 that were authorized by the Act of 1912 or 1925 for non-pool grain, but I never found one for pool grain which did not have right up to date the last thing in an up-to-date ticket. I took that matter up with the Board of Grain Commissioners, asking what steps they took to see that the elevator companies used the up-to-date tickets, and I got an admission from Mr. Snow that there is a printer in Winnipeg who prints the tickets for the trade, that he comes over and finds out the form, and they suppose he uses the right form. A man who ran an elevator of his own at Coderre swore before the Com-

mission that he had never been asked by the Board of Grain Commissioners at any time during the four years' operation what form of ticket he was using, nor by anyone else, and he did not know anything about the Order in Council ticket of May 1927. It is only fair to say that when I brought it to the attention of the Board of Grain Commissioners in December, they said it would be only fair to notify the elevator companies, and asked why I had not complained long ago.

*By Mr. Brown:*

Q. In some cases the elevator operators have certain tickets for non-pool men and certain other tickets for pool men?—A. Yes.

Q. Did they state any reason?—A. They had to have a different ticket for the non-pool man.

Q. Why would they insist upon giving that ticket to a pool man instead of a non-pool man?—A. I want to be fair to these agents. They have not an easy job. In some cases they did not have the two forms of tickets, they had nothing but just the pool form of ticket, but in the cases where we got them before us I think with the exception of one they did have both forms of ticket, but in no case was the non-pool form of ticket up-to-date.

Q. You have given a clear story of the hybrid ticket, and I would like to ask, for the record, what the effect of the use of the hybrid ticket has been?—

A. The effect of the use of the hybrid ticket has been that the Pool member has not been able to deliver to the terminal elevator to which he wanted to send his wheat. I will qualify that to this extent, that there has been one hundred cases wherein the Board has got the elevator company coaxed to let it go to the pool terminal. I understand that in one case in Alberta they ordered the grain diverted. I know of no case in Saskatchewan where they did more than suggest that the elevator company should direct.

*By Mr. Millar:*

Q. Has it been alleged at any time that the contract signed between the Pool and the elevator companies forms any part of their justification for the course they have taken?—A. What you mean is, does the grain trade say that in addition to the hybrid ticket the agreement between the Pool and the elevator companies is partly responsible for the position they are in? Yes, they take that attitude, that coupled with the ticket in use. The agreement between themselves and the Pool precludes the Pool member from saying where his grain should go.

*By Mr. Ross (Moose Jaw):*

Q. On account of the use of that ticket, it is the general opinion that the pools have lost a great deal of money from the handling of their grain in this crop. Can you give any idea as to the possible amount the pools have lost through the use of the hybrid ticket?—A. No, I could not, Mr. Ross.

Q. You admit that you have lost a great deal?—A. I will say that the contract signer has lost a good deal of money.

*By Mr. Millar:*

Q. Could you read us the clause in the agreement?—A. I can, Mr. Millar. This is a copy of the agreement entered into between the Saskatchewan pool, which is similar to the other provinces, with the Northwest Grain Dealers Association, covering the various elevator companies. And we have heard from Mr. Gage, Chairman of the Committee of the Northwest Grain Dealers Association that the clause is satisfactory to them. This is clause 15:

The pool agrees that all pool grain of whatever class forwarded to terminal points shall be handled through any elevator the company desires: provided that nothing in this clause contained shall take away



from the Grower any rights he may now have under The Canada Grain Act: Provided further, that when the Pool desires to divert grain to interior mills within The Western Inspection Division a diversion charge of one cent per bushel will be allowed to the Company by the Pool. The Company will undertake to waive any diversion charge on grain shipped for seed and feed to local interior points for local consumption and no grain will be shipped to interior terminal elevators for seed and feed except by mutual arrangement.

*By Mr. Campbell:*

Q. What is your understanding of the words "Pool Grain"?—A. The whole intention of that agreement, the agreement that went through in 1927 was this:—we realized we are going to have difficulty in getting an agreement with the trade, so we came to the conclusion that we would only ask for the one change; we would ask that the grower have the right that had just been given to him by legislation, and when we came to deal with the trade our first proposal was that all Street wheat that went into their elevator would go to their terminals. We realized we had to make some kind of terms because we did not have enough terminal space at that time, so we decided that all street wheat going through their country elevators should go to their terminals. We finally agreed that all the grain from pool members going through their country elevators would go to their terminals unless the pool member ordered it himself somewhere else, and the agreement was drawn with that definite understanding that the right was being retained to the pool members.

Q. But the words "pool grain"; I understand that nothing was pool grain except what was taken in as street grain?—A. No. It was finally agreed that everything was to be pool grain and go to the company's terminal unless the grower ordered it diverted. That is why the words are in there: "Provided that nothing in this clause contained shall take away from the grower any rights he may now have under the Canada Grain Act".

Q. In that case, that would not be pool grain; it would be the grower's grain until it was assigned to the pool?—A. That was what was intended in this agreement. Now, I would like to say in connection with that that Mr. Robertson sent a telegram dated the 8th of August, 1927, in reply, suggesting that there should be added these words, "to order his grain shipped to any terminal elevator". I am going to read you the reply that came from Mr. Gage dealing with this to show you that they knew what it meant as well as we did, and it was supposed to mean exactly what we say it meant:—

Thanks for message. Our wording reserves to grower all rights he has under Act. We cannot see why this or any other particular right should be inserted or omitted. We think matter can be closed with all interests on our proposed wording but not otherwise and think very inadvisable to raise question again with general committee. Have endeavoured to make the matter satisfactory to you by conceding and inserting the reservation and we are assuming six year term offers no serious objection.

Now, that is the original telegram that came back from the Chairman of the Committee to the pool, when this agreement was entered into.

*By Mr. Vallance:*

Q. Mr. Milliken, was it absolutely necessary for the pool to enter into any agreement with the Northwest Grain Dealers Association to take care of pool wheat, or has not the farmer the right into any elevator provided they have the

[Mr R. H. Milliken.]

space and that his wheat is in storable condition?—A. He is out of luck unless he has a carload lot; but it was the street wheat that compelled the pool to make the condition.

*By Mr. Garland (Bow River):*

Q. Will you file the copies?—A. Yes.

*By Mr. Young (Saskatoon):*

Q. Do the pools handle non-pool grain?—A. Yes.

Q. And, if so, what is the practice in regard to non-pool grain?—A. I can only speak for the Saskatchewan pool. The Saskatchewan pool elevator agents are all instructed to ship the grain wherever the grower says he wants his shipped.

*By Mr. Coote:*

Q. Do you know whether any of the line companies allowed the farmer to direct the terminal to which he wished grain to be shipped?—A. The Quaker Oats people at Saskatoon have a line of 20 country elevators, and they never make an objection.

*By Mr. Brown:*

Q. Or the United Grain Growers?—A. Or the United Grain Growers. I have no case in which the United Grain Growers have ever been in question.

Q. I think it should be definitely stated that the United Grain Growers did not do that?—A. I do not know, but so far as I understand—

Q. I am making the statement.—A. We think this should be amended by Parliament. This ticket should go back to where it belongs and go through Parliament and not by any order in council.

With regard to the Car Order Book, I would like to deal with that for a moment. You know, under the Act, at present there is supposed to be a Car Order Book kept at every station by the railway agent and every man ordering a car is supposed to get a car in turn. There is not a Car Order Book at any station unless there is a shortage of cars. Under the Act at present anyone at all can go out and get one hundred farmers to give him the written authority to order cars for them and then he can come in and put one hundred names on the car order book. He puts these farmers names on for them. This is called the proxy system. Now, when the book is not kept open all the time and is only opened when there is a shortage of cars some elevator agent finds trouble in getting his grain out because fifty or sixty have got their names on the book. He goes down and says to the agent, "I want the Car Order Book opened," and the agent opens the book and this man puts down fifty or sixty names and the other elevator companies have to wait until those fifty or sixty cars are filled before they can get a car. Now, I would say that it works out just as well for the pool as any one. We are here with a definite suggestion and we might as well face the facts as they are, and not say that that book must be kept open all the time, but say that whenever any one demands it—which he would not demand unless there is a shortage in sight—a book must be opened by the station agent posting in the station a forty-eight hour notice that the agent was going to open the book, and also notify all the elevator agents. When it is opened at the end of forty-eight hours every person would have reasonable notice that the Car Order Book is to be opened. We are suggesting that the legislation should provide that no one can go to that book and put down more than one proxy at a time. Each elevator agent has a car for his own elevator, and he can order for one farmer, but he cannot put down a second proxy until the first car has been settled for the proxy that he has already

there. That does not mean that the farmers cannot come in and put down their own names. A hundred farmers could come in and put down their names, but they could not be put down by one agent.

We realize that there must be some leeway left about a proxy. You might be ill in bed. You should be able to authorize someone to order a car for you. We say to-day that when a car is supplied under the Act as it is now, if the car is stopped, we will say at a pool elevator or at some other point, and the farmer who ordered that car on the Car Order Book has not got wheat in that elevator, the order is supposed to be cancelled and the car goes to the next man on the book. Now, the next man on the book may have his car ordered in an elevator right at the other end of the switch, but in actual practice the car never gets there; the elevator operator fills the car with somebody else's wheat and turns it out into the yard. We are suggesting that the Act should state that if a car is spotted at an elevator for an order and you have not got the grain, your order will be cancelled and the car go to the next on the list, but instead of the car going to the next man on the book it goes to the next man on the book who has a car spotted for that elevator. Now, briefly, that is our suggestion about the Car Order Book. By the way, we have the suggestion and we will file them. They are as follows:—

1. No Car Order Book be opened at any point without the Railway Agent posting in the station 48 hours' notice of the opening of such book, and also giving 48 hours' notice to every elevator operator at such point.

2. When the Car Order Book is so opened every applicant present be allowed to enter his name, and that of one grower who has authorized such applicant in writing to apply for a car on his behalf, on the Book provided no applicant be permitted to enter the name of more than one proxy on the Book at any one time, also provided no applicant's name shall appear on the Book for more than one Car at any one time.

3. In the event of a car being supplied as ordered and the applicant not being ready to load such car, his order shall be cancelled and such car shall be supplied to the next applicant who has requested his car be placed at the same elevator or loading platform.

4. If anyone be fined, as provided by the Act, for illegally placing his name, or that of a proxy, on the Book, the convicting justice be given power to order such name deleted from the Book.

5. The Board of Grain Commissioners may whenever it appears to them that a name has been improperly or illegally placed on a Car Order Book, order such name removed from the said Book, and the Railway Agent shall forthwith remove the same.

6. In view of the fact that some doubt has been expressed as to whether the pool member is the owner of his grain for the purpose of ordering a car, it is suggested that a proviso should be inserted in the Car Order Book section of the Act making it clear that a pool member is the owner of his grain for the purpose of ordering cars.

7. At a number of shipping points in the West, groups of growers have purchased a portable elevator and are loading their own grain direct into cars without the use of a country elevator or a loading platform and by mutual agreement are placing in the same car, without bulkheading, the grain of a number of farmers and as no provision is at present in the Act for anyone ordering a car under such circumstances, it is suggested an amendment should be inserted to cover such unincorporated groups.

Now, the suggestion was made at a meeting last fall, that the next thing we were going to be told was that a pool grower had not the right to order a car;



that the pool was the only person who could order a car. We are suggesting that it should be stated that the pool grower is the owner of the grain for the purposes of ordering a car.

Now, they are doing something else in Manitoba where they have not got a pool elevator. There twenty men may go together and buy a portable loading elevator, set it up on a siding or at a loading platform or at an elevator and load their own grain. Each man may put in a load in a car and make the carload up of fifteen loads. There is not any provision in the Act by which these people can get a car at all because no man has a right to order a car unless he has a car of grain. Now, two men can order a car jointly if they are going to bulkhead it; but there is no provision in the Act to-day by which ten men can say: we will put a load of wheat each in a car and get a car.

*By Mr. Brown:*

Q. Is that really being done to any extent?—A. Mr. Burnell tells me they have seventy-three such associations in Manitoba putting in a load or two apiece. Now, we are suggesting that we should also have them taken care of, and we have a memorandum setting out this suggestion for the Committee.

*By Mr. Fansher (Last Mountain):*

Q. May I ask if the letter to which Mr. Vallance made reference could be filed?

MR. VALLANCE: I wrote asking the individual who sent the letter for his permission to use it, and if I get it I will put it in.

The CHAIRMAN: We still have Mr. Murray to hear. He is a Manitoba representative.

Witness retired.

MR. MURRAY: Mr. Chairman, at this stage I have no desire to prolong the session. I do not know of anything that I need add as Mr. Milliken has covered all the subjects very fully.

MR. MILLAR: I would like to ask a question that any of the pool members may answer. It is in connection with one or two suggestions that have been made; that the Grain Act be administered by perhaps five members of the Board of Grain Commissioners rather than three. I fear that it might work out this way that a man receiving \$8,000 a year will not want to go out among the farmers and address small farmers' meetings and keep in touch with the farmers. At the time we had a Warehouse Commissioner, Mr. Cassels, and the Deputy, Mr. Snow, travelling the country and not receiving anything like the salary Mr. Snow is now receiving—travelling the country and settling disputes—we never had the Grain Board working as smoothly as then. Now, we have three higher paid men and a gulf has grown up between the farmer and the Board of Grain Commissioners. Now, would not a Commission of the same size as we have now with a number of deputies who would be paid perhaps half the salary and would be expected—their duties would be to move around the country and keep in touch with the farmers and convey information to them, instruct them in connection with the administration of the Act and inspection. Would the pool object strongly to that instead of the one they have suggested?

MR. McLEOD: I think Mr. McPhail's answer to that would be that that is a matter for you gentlemen to decide, not for the pool. We are submitting some of these things that are really your problem.

MR. FANSHER (Last Mountain): Might I say that Mr. Millar made a reference to a Grain Board of former days when the grain trade had only a fraction of the magnitude that it has to-day, and we have thousands of elevators

[Mr. R. H. Milliken.]

to-day where we had hundreds in those days. We need men who are above reproach and who are paid a sufficient salary and are not looking for any further remuneration. These men would be required to call upon some elevator operators perhaps, the pool included, to see that they carry on their business according to the Canada Grain Act. But three men, in my opinion, will not be able to cover the ground during the shipping season. Let us also understand that any charges on account of the Board of Grain Commissioners do not come out of Fort William and Port Arthur; they come out of the grain which is handled in the Western Inspection Division, and I think we will need a Board sufficiently large to cover the whole territory without overwork and give sufficient service.

Mr. COOTE: Mr. Chairman I would ask Mr. Milliken if this enlarged Board of Grain Commissioners had to be reelected every three or four years by the votes of the farmers, would there be any doubt that they would attend to their job regardless of how high a salary they got and what luxurious offices they had?

Mr. MILLIKEN: I will ask the Chairman to let me do what he said Mr. Plumer could do—refuse to answer such a question.

Mr. DONNELLY: I was going to ask that very question that Mr. Millar asked some time ago: if he did not think that probably three Commissioners with five good deputies could answer the purpose just as well as five Commissioners?

Mr. MCPHAIL: I would answer on behalf of the wheat pool organizations that we believe that the Board of Grain Commissioners would be more effective to-day if there were five members and probably had one in each province—a man who would have the authority that a member of the Board of Grain Commissioners should have to deal with questions in as direct and quick a manner as possible in each province. They could meet quite often, perhaps once a month, without any difficulty to talk things over and discuss any matters necessary.

Mr. DONNELLY: Do you think it would be necessary to have assistants?

Mr. MCPHAIL: Yes, it would be a good thing for them to have a staff of Inspectors to supervise elevator operators and to carry on educational work, work that the Board of Grain Commissioners are supposed to do. The pool organizations are doing that now for the Inspection Department.

The CHAIRMAN: On behalf of the Committee, I wish to thank the representatives of the wheat pools for their attendance and for the valuable information they have given us.

The Committee adjourned until Tuesday, March 19, 1929, at 11 o'clock a.m.

HOUSE OF COMMONS,

MARCH 19, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. W. F. Kay, presiding.

The CHAIRMAN: Gentlemen, this morning we have present Dr. Birchard and his assistant, Mr. Aitken, to give evidence on the subject of the protein content of wheat, but before calling on them, Dr. Tory, President of the Research Council, is here in connection with a report which was tabled yesterday by the Minister of Trade and Commerce covering the work of the Research Council on this subject of protein content of wheat. I will ask him to say a few words in explanation of that report.

Dr. TORY: Mr. Chairman, I just wanted to say a few words about the report and then to ask for instructions from you as to what we should do with it. In the report we have tried to carry out literally the instructions issued by your committee last year in connection with the protein studies as set out in the document which you published, and we have tried to summarize the information we have gathered.

In planning the work of getting the material together we had Dr. Birchard, Dr. Newton, and Dr. Malloch go down to the United States and they spent some time in Minnesota, and then Dr. Malloch was sent over the entire United States gathering information, by obtaining the compiled information there, by consultation with millers, farmers and farmers' organizations and scientific laboratories wherever the work was being carried on in connection with proteins. In addition to that, we got the latest information we could get from the United States as to the proposals now being put before the federal house at Washington for additional laboratories for studies in the United States.

In getting the material together we classified it under the various headings set out in your commitment last year. The relation of protein to baking strength and the discussion of that under the five clauses of your report were all brought together. Then the feasibility of protein testing; there were three clauses in your report touching on that and we gathered them together under that heading. Then the effect of protein test on the quality of the wheat crop: there were two clauses in your report on that, and we brought all that information together. Then the relation of the protein testing to the export trade was treated in one clause of your report last year, calling for a study on that problem, and we have whatever evidence was available at the moment. Then there was a clause concerning injury to wheats by improper drying, and we have devoted a full report to that, together with the discussions. This has been in the hands of the King's Printer for two or three weeks but is not yet available, but I hope we will have them by the time you meet after the holiday. Then there was the proposal to establish an experimental mill. We have a report as to how that stands in the United States and a recommendation as to what should be done about it. I think I am safe in telling you that this document embraces all the information on the subject which can be obtained on this side of the Atlantic, including the United States; that is, in the Dominion Research laboratories and in the various centres where work is being done.

The point at which it is not complete is in connection with the possible effect of protein testing on foreign trade, as to what extent our foreign position would be affected by that, and that is the investigation which we propose continuing during the coming summer. We hope by the end of this year to have a statement as to exactly how that matter stands. As I said, I think you will



find in this document a complete statement of the information available on the North American continent, and as to how the matter stands on this side of the Atlantic. It was my thought, Mr. Chairman, that if the Committee desire this to be printed, it should be printed properly. I understand this was tabled in the House, but whether an order was given for printing—

The CHAIRMAN: No, it was not.

Dr. TORY: Then if you desire to have this printed, I will undertake to force the printing of it as rapidly as possible and probably have it in your hands when you meet after the Easter recess.

I might add that this work is part of the large program which we laid out some years ago but from which we departed for a little while owing to the difficulties which arose regarding toughened and damp wheat. In doing this sort of work we are acting in co-operation with the Department of Agriculture, the Dominion Research laboratories, and the three western universities. We have a good organization and are pursuing our studies and conducting experimentations in two of the western laboratories, and sometimes all four of them, where there is any doubt about the results. I think that is all I wanted to say. I only wanted to ascertain whether you wanted to push this rapidly or not.

The CHAIRMAN: I am sure the Committee appreciates Dr. Tory's courtesy in coming here, and I am equally sure the Committee would like this report printed. If Dr. Tory will undertake to have that done, I think it will be the most expeditious way of handling it. I will ask Dr. Birchard to address the Committee now, he tells me that it will be a duet between him and Mr. Aitken.

Dr. F. J. BIRCHARD called.

The WITNESS: Mr. Chairman and gentlemen: I understand the Committee would like me this morning to say something with regard to the report which was issued by the Board of Grain Commissioners' laboratory with reference to the qualities of the different grades of the wheat crop of 1928. If I may, I would like to explain the origin of this report. It was prepared with the idea of giving some concrete information to the Grain Standards Board when they met in Winnipeg for the purpose of setting the standards. The tests were based on the results of samples passing through Winnipeg up to the time of the meeting of this Board. Loaves were exhibited of very much the same nature as those now before the Committee, and the relevant data in connection therewith was explained. This exhibit caused so much comment and so much attention that a similar exhibit was made on the floor of the Grain Exchange and also exhibited to a large number of visitors and members of the grain trade who visited the laboratory in the days following the meeting of the Standards Board. After consultation with the Board of Grain Commissioners it was felt that it was desirable that the producers, as well as the buyers of our wheat, should have the benefit of this information and a report, of which I have copies here, was prepared and given to the Associated Press.

Now, if I may, I would like first to read the conclusions which are set out in this report.

## REPORT OF THE MILLING AND BAKING CHARACTERISTICS OF THE 1928-29 CROP

By F. J. BIRCHARD AND T. R. AITKEN

Milling and Baking tests conducted on the 1928-29 crop in the Dominion Grain Research Laboratory of the Board of Grain Commissioners, Winnipeg, indicate that on the whole both the milling and baking quality, grade for grade, is distinctly superior to that of last year. The

[Dr F. J. Birchard.]

results are based on the Standard samples as set by the Grain Standards Board on October 9, and on average samples secured from the office of the Chief Inspector the day following. These averages are composed of wheat from all the three Western Provinces and may be considered as fairly representative of the whole crop.

The milling and baking data for the two series is set forth in the following tables:—

Now follows a list of tables. You have them before you, so I will not read them but simply draw your attention particularly to the final conclusions. I would like you to notice exactly what is said, as well as what is not said.

#### CONCLUSIONS

Special attention should be called to the following:—

(1) The moisture content of all grades is low in strong contrast to last year. To date very little tough (about 1 %) and no damp grain has appeared on the market.

(2) The weight per bushel of each grade is higher than that of last year. This is particularly true in the case of the lower grades.

The milling yield from the lower grades, as compared with the higher, is much greater than was found to be the case with the 1927 crop. This is in accordance with the greatly increased weights per bushel, which amounts to as much as  $4\frac{1}{2}$  pounds in the case of No. 4,  $4\frac{1}{2}$  pounds in the case of No. 5 and  $7\frac{1}{2}$  pounds in the case of No. 6.

(3) The protein content of the wheat is higher in each grade, but that of the patent flour from the corresponding grades is very nearly the same in each case as was found last year. It should also be noted that the quality of the protein—particularly that of the lower grades—is superior to that of last year.

I might say, before reading No. 4, that the absorption is the number of grams of water which is necessary to add to 100 grams of flour to make a suitable dough for baking.

(4) The absorption of the flour of each grade is very slightly less than that of last year with the exception of No. 6 which this year is abnormally high—68-69 per cent.

(5) The baking quality of the flour from each grade, as indicated by the loaf volume is decidedly superior to that of last year. In this connection it should be particularly noted that the oven-spring of the bread—which is an indication of the strength—is practically the same in the lower as in the higher grades. This is a most unusual characteristic of the lower grades which has not been previously observed in this Laboratory in any other year. The colour of both the flour and of the bread in the first four grades is cream or cream yellow, very similar to that of last year, and while that of the flour from No. 5 and No. 6 is greyish, that of the bread is a dull cream yellow as compared with very yellow of the 1927 crop and dark grey of the 1926 crop. In this connection it should be particularly noticed that this year the difference observed in the colour of the bread from the different grades is very slight.

The high milling and baking quality of the commercial grades of this year's crop should probably be attributed to: (1) the fact that all the lower grades contain a considerable percentage of hard, plump, sound wheat; (2) the fact that the frost damage occurred after the wheat was nearly matured so that the damage is not nearly so great as would be

the case when the grain is at an earlier stage of maturity; (3) the very favourable conditions under which most of the wheat was harvested, thus permitting the grain to mature normally. Consequently, although the grain in appearance is outwardly more or less severely damaged, the actual lowering in value is very much less than its appearance would indicate.

Similar tests conducted on average cargo samples out of Fort William fully confirm in every particular the conclusions as stated above.

I would like to point out that although it is evident that No. 6 produces a very good loaf indeed, there is nothing in this report which would warrant the conclusion that No. 6 is equal to No. 1 Northern. If you will notice the flour yields, as given in the second page of the report, you will see that if the flour yield of No. 1 Northern is taken as 100 per cent then No. 6 is 90 per cent. So there is a difference there of 10 per cent, and 10 per cent is a very material difference. In addition the colour of the flour is noted as grey and the texture is also referred to as "open," which means that it is not as good as that of the higher grades.

You will also notice that there is nothing said with regard to feed wheat. Ordinarily, we do not make any tests of feed wheat. We consider it a waste of time. However, as a matter of curiosity, we did make some tests later, after our report was published, with regard to feed wheat, and we found that by making a low flour extraction, perhaps 40 per cent, we were able to get a loaf of bread which was equal at least to that obtained from No. 6 of previous years.

I would also like to call attention to the fact that the results and the conclusions in this report refer only to average samples, as indicated by the standards, or by averages from a large number of cars, or from cargo samples. They do not refer to individual samples. That is particularly true of the lower grades. The variations which occur normally from time to time in the milling and baking quality of the lower grades is very great, and we might get tremendous differences, particularly in the yield of flour, and in the colour and texture of the loaf.

It would be quite possible to produce evidence to discredit what you see before you, by milling and baking individual samples of the same grades. We have done this for our own information, and I have a photograph here to which I would like to draw your attention, showing the tremendous variations which occasionally occur with regard to different samples of the same grade. I would particularly direct your attention to the lower row of loaves, and particularly that from No. 6 which can scarcely be called a loaf of bread at all.

Reverting further to the fact that this report refers only to the particular yields designated, I would like to point out that had we milled a sample of No. 6 wheat to 69 or 70 per cent instead of to 63.6 per cent, as indicated in the report we would have obtained an entirely different loaf. At the present time, I am informed that three of the large mills in western Canada are actually milling 100 per cent No. 6 wheat to 70 per cent. If we were to mill our samples to 70 per cent, it would be impossible to obtain a loaf which would compare with what we have here. It would be considerably smaller, and the colour would be very much darker, and the texture would be very much inferior.

I would like next to tell you about some further confirmatory tests which we have made in this connection. There was so much criticism of the report, as issued, that we desired to obtain as much information as possible, and for that purpose we baked up the loaves under quite a number of varying conditions, some of them very adverse. In the first series of tests we baked the loaves with exactly the same flours on the hearth of the oven, that is, there were no tins, no supporting sides for the loaf. This shows you the results which we obtained



in that case (produces photograph) and we have an enlargement here which indicates it even better perhaps. The conclusions we drew from these tests were that grade No. 5 was found equal to the contract grades in loaf volume but inferior as to colour. Loaf volume, ordinarily, is considered the chief factor in considering baking quality although, of course, colour and texture must also be considered. No. 6 gave a loaf which was equal in loaf volume to that obtained from the contract grades, but was inferior both in colour and in texture. Nevertheless, the loaves from No. 5 and No. 6 must be considered fairly satisfactory.

In this connection, I would like to refer you to some work which was done by this laboratory ten, or eleven years ago. In connection with the crop of 1916-17, I would like to direct your attention to the loaves that were obtained at that time from grades 5 and 6, and I would ask you to compare them with those you have before you now; also those from the year following—the crop of 1918-19, in which year, if my memory serves me right, the conditions were somewhat similar to this year, that is, the frost occurred at a comparatively late stage of maturity.

*By Mr. Millar:*

Q. What are you reading from, Doctor?—A. I am just explaining. This is the report of the laboratory issued in 1920, and I have marked with pencil here the loaves to which I would draw your particular attention. I think the difference is very pronounced.

In the second series of tests, it was suggested that we chill the loaves somewhat as might possibly occur in ordinary home baking. We chilled the loaves for ten minutes in a Kelvinator, and we found that the volumes were reduced, but the lower grades withstood the improper baking conditions equally as well as the higher grades; that is, the loaves were, in every case, very similar but the loaves from the higher grades were reduced in volume almost proportionately the same as were the lower grades.

Q. Do you refer to the loaves while they were in the dough?—A. I mean the final loaves as baked.

*By Mr. Brown:*

Q. And were they what you had expected?—A. We had never really tried that before, that is, chilling the dough which, naturally, would tend to give a poorer—a much smaller loaf.

Q. I have heard it stated that the lower grades would not stand up as well as the other.—A. Quite true. Ordinarily speaking, flours prepared from frosted wheat will not stand up under adverse conditions. To get a good loaf at all you must employ the very best conditions possible. If the conditions are adverse, such as chilling or over-fermentation, the dough will run and you get a flattened loaf, as indicated in the bulletin. It will not come up round at the crown but flattens out, and runs over the side. I might say that in no case this year have we experienced anything of that nature.

We made a third series of tests. This time we employed further adverse conditions. In addition to chilling as before, the flours were over fermented, in each case one hour. In this case, grades Nos. 4 and 5 withstood the over fermentation and chilling equally as well as Nos. 1, 2 and 3. This indicates the strength of these loaves (produces photograph). No. 6 did not withstand the adverse conditions quite so well, and this wheat showed the comparatively poor quality of grade No. 6. I have a photograph in this connection which shows the loaves that were produced at that time.

We conducted a fourth series. In this case we employed the sponge dough method, giving a five hour fermentation as compared with a three hour fermentation in the previous tests. Naturally, the longer the fermentation the greater

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the tendency to weaken the protein. The results in this case were very striking. The general baking quality of the lower grades in these tests was found to be equal to that of the higher grades in every particular except colour. I would particularly draw your attention to this series, particularly 5 and 6, because it shows remarkably well what we found at that time.

The question arose as to the possibility of using Nos. 5 and 6 in any percentage and still obtain a satisfactory loaf in all respects. To obtain this information, we milled No. 5, not to the percentage indicated in the report, but to 39 per cent only and No. 6 to only 34 per cent, and in each case we obtained flours which were equal as regards colour to those obtained when we milled the contract grades to the percentages as stated in the report. We baked each of these separately, and in every case we found that we obtained a loaf which was equal in every particular to that produced from the straight grade flours from the higher grades.

We repeated these tests with a mixture of equal parts of these flours, that is, the 39 per cent extraction from No. 5 and the 34 per cent extraction from No. 6, and the results I can now show you. We will cut the loaf and see how it compares in colour and texture with that from the standard Nos. 1, 2 and 3 before you. That loaf, gentlemen, is from the mixture of Nos. 5 and 6 in the percentages indicated.

MR. FANSHER (Last Mountain): It looks better than what we obtain here in Ottawa.

THE WITNESS: I think you will agree with me that it is a passable loaf of bread, in colour, texture and volume. If you will compare these loaves it will be difficult to find any important difference between the loaf from the contract grade and that from the mixture of Nos. 5 and 6.

AN HON. MEMBER: Mix them up.

THE WITNESS: I would suggest that you mix them yourself. It would be a better test, if you can pick them out.

*By Mr. Millar:*

Q. What are the percentages?—A. 39 per cent of No. 5 and 34 per cent of No. 6, that is, of the wheat.

*By Hon. Mr. Motherwell:*

Q. That is, two parts of No. 5 and one part of No. 6?—A. No, Mr. Motherwell, a mixture of equal parts of 5 and 6 milled in those percentages, 39 per cent of the wheat of No. 5 and 34 per cent of the wheat of No. 6. Those two flours were mixed half and half.

*By Mr. Fansher (Last Mountain):*

Q. The percentage relates to the extraction of the flour?—A. Yes, the percentage relates to the extraction of the flour.

*By Mr. Brown:*

Q. What would be the percentage in the contract grade?—A. The percentage of flour as stated in the report.

*By Mr. Coote:*

Q. You might tell us what it is.—A. No. 1 Northern was 70·7 per cent; No. 2 Northern, 70 per cent; and No. 3 Northern 69·7. The baking quality of those three flours is practical identical.

[Dr. F. J. Birchard.]

*By Mr. Brown:*

Q. Did you get those results without any conditioning? Were conditioners used?—A. There was no special treatment whatsoever. They were treated exactly the same as Nos. 1, 2 and 3.

Q. What conditioning was there?—A. They were both tempered in the ordinary way for milling. In every case the wheats were tempered to 16 per cent moisture, by the addition of water several hours before milling.

Q. No malt extract?—A. None whatever. In these bakings, nothing whatever has been added except what is essential under ordinary baking conditions. There were no improvers of any description, nothing but what would be used in the home. There was nothing added to bolster up the results in any way, shape or form. Each sample of wheat received exactly the same conditioning, and the flour the same treatment during the baking.

If you will give me your attention, I would like to proceed a little further, and then I will be glad to answer any questions that you may ask. A further series of tests were made by blending 25 per cent of No. 5 with 75 per cent of a blend of flour from the contract grades Nos. 1, 2 and 3, and we found that the addition of 25 per cent to this blend made no change that we could discover; and this indicated that one part of flour milled from No. 5 wheat to the percentage indicated in this report—63 per cent—could be added to three parts of straight grade flour milled from the contract grades without injury to the resultant loaf.

*By Mr. Fansher (Last Mountain):*

Q. Sixty-six per cent is No. 5, is it not?—A. Sixty-six per cent, I should say. When we added 50 per cent of No. 5, the colour only was changed. The texture and other factors remained unaltered. When we added 75 per cent, the colour and texture were both affected. I might say that these colour changes would undoubtedly be much less had it been possible to use ordinary bleaching processes such as are used in commercial milling. That is a reasonable deduction, but I have no data to support that, as we have no means of bleaching in the laboratory.

Q. The flour from which those loaves were baked was not bleached?—A. There is no bleaching employed in the laboratory.

Q. There is no curing process either?—A. No curing process of any description.

Now, there was one further series of tests made. The loaves which were obtained in this case are illustrated in photograph No. 9 and you will have to take our word for it with regard to the colour changes, but I think you will agree that judging from the volume and the shape of the loaf compare very favourably with those the straight contract grades.

We made a further series of tests by blending the flours from the different grades with a low protein flour. This flour contained only 7.45 per cent protein, and with this flour alone it was practically impossible to make a respectable loaf of bread. However, when we took 50 per cent of this very low protein flour and added to it 50 per cent of flour of No. 5, we obtained a loaf in which the colour only was affected, when compared with the corresponding loaf from 50 per cent of the soft wheat flour and 50 per cent from the No. 1. When we took 50 per cent of the soft wheat flour and 50 per cent of the No. 6, then both texture and colour were affected.

I would like to draw your attention particularly to this loaf on the right hand side, on the top row in the picture, a very fine loaf indeed.

These results I consider very important indeed, as they indicate very decidedly, in our opinion, the fact that these lower grades can be used, with

(Dr. F. J. Birchard.)



regard to this particular crop at least, to bolster up low protein wheat, and make suitable blends for the English miller or the Continental miller whose flours are always of a much lower protein content than ours.

Q. In what wheat is this low protein content, Canada West wheat or an American wheat?—A. It is an American wheat, a Michigan wheat. Here is the loaf of bread. You will see it is an inferior loaf. Here is what happens with a mixture 50 per cent of the soft flour, and 50 per cent of No. 3 (produces loaf). This was produced from 50 per cent of No. 4, this from 50 per cent of No. 5, and this from 50 per cent of No. 6, the remaining flour being 50 per cent low protein flour in each case. You can see the difference in size. And now you will see the difference in colour and texture.

It has often been stated that while it may be possible to obtain fair loaves with the lower grades they are not of value for blending purposes. I think that this will show that that is not the case. This loaf is from 50 per cent of the low protein flour, and 50 per cent of No. 6.

*By Mr. Donnelly:*

Q. What extraction of flour?—A. As stated in the report, No. 6, 63·6 per cent. Had we taken 39 per cent, as we did before, we would have obtained a very much better colour. However, considering that this has not been bleached in any way, I think it must be admitted that that is a pretty fair loaf of bread for No. 6 wheat. I would like you to compare it with the No. 1 at the same time.

*By Mr. Millar:*

Q. Have you the percentage of the soft wheat flour that went into this?—A. That is 50 per cent of Three, and 50 per cent soft. I would like you to compare that with 50 per cent of Six, and 50 per cent of soft. It is admitted that there is a difference naturally, but the difference is not of the order which one would naturally expect, nor is it the difference which we have obtained in other years. The point I wish to make is that both grade No. 5 and grade No. 6 can be used this year for blending with soft low protein flour. I might, however, say that smaller amounts of these lower grades would have to be used to avoid inferior colour and texture. The lower grades would have to be milled to a lower extraction in order to obtain an equally good effect, such as we would find with the higher grades.

I would like you to examine these loaves that you have before you, and then I will be glad to answer any questions that you may desire to ask. While Mr. Aitken is cutting them I would like to point out that there is a good deal of evidence of an indirect nature, to confirm the results of the laboratory tests, and to indicate the conclusions which were drawn therefrom, are reliable and correct.

If you will bear with me, I would like to read to you a few cables from Broomhall, the Liverpool authority on wheat. This is under date of October 20:

Broomhall confirmed sales of low-grade Manitobas and stated in his message that importers had now seen the first shipments of low-grade wheat from Canada and were apparently satisfied with the quality of same.

The next, a little later:

Laboratory tests show that the low grades are quite satisfactory for bread, and, consequently, millers are expected to absorb large quantities at prices which are at present as low as corn.

Broomhall says that low grade Manitobas are considered cheap, value for value, and are being bought both in the United Kingdom and the Continent.

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Broomhall intimated some fairly good business in low grade Manitobas and said that their quality and present value were attractive to buyers abroad.

Export business while not aggressive on any one day was excellent and spreads on the lower grades narrowed very considerably. Nos. 4 and 5 appeared to be in very good demand while 6 and feed shared in the business too.

*By Mr. Coote:*

Q. Have you the date of that?—A. October 27th, 1928.

Broomhall confirmed good purchases of Manitobas the past several days and again intimated that low grade Canadian wheat was finding favour among millers abroad and likely to be purchased in large quantities on every break in prices.

That is November the 17th. I should have read this one earlier—October the 25th:

There was an excellent demand for grade No. 4 wheat and lower in cash wheat market during the session while grades 1, 2, and 3 Northern were apparently not wanted to any extent.

November 15th:

It looks as though low grade Manitobas are very acceptable abroad and the spreads on 4, 5 and 6 feed wheat are narrowing up quite considerably.

Millers are buying low grade Manitobas, as these are considered comparatively cheap.

Extract from the "Weekly Grain Market Review," Free Press, November 3, 1928:—

Demand for low grade wheat was quite large at times, and considerable quantities of Nos. 4, 5 and 6 changed hands. The quality of this wheat is finding favour abroad and at present discount, under the contract grades, is an attractive buy.

Canada Grain Export Company issue a report from time to time which they send to their clients. This is Bulletin No. 4, dated the 6th December, 1926:—

Several unusual features are worthy of comment at this time, viz:

The milling quality of all grades of Canadian wheat this season is much better than last year and this is especially true of the lower grades. The protein content will average perhaps 1 per cent better and the moisture content is the lowest in several years. In view of the relatively low prices of these grades at the moment they are expected to be in good demand in all directions. It is true that the supply of lower grades is larger than usual but low price and good quality will ensure steady business for them.

Bulletin No. 3 issued by the same people, dated October 29, 1928:—

The commercial grades (No. 4 and lower) contain a larger percentage of green kernels than last year's samples, but the percentage is apparently too small to present any serious objection from a milling standpoint. In any case, where a sample contains any considerable amount of green or partially green kernels, the government inspectors are inclined to be very severe in the grading—thus giving the foreign buyer the advantage of a heavy discount in price. We have seen samples which at first glance appeared to be good No. 3 Northern graded No. 5 because of the presence of some partially green kernels.

[Dr. F. J. Birchard.]

*By Mr. Coote:*

Q Who said that?—A. The same firm—the Canada Grain Export Company under date of October 29.

Extract from George Broomhall's "Foreign Trade News" of November 13, 1928:—

Grading figures do not make a good showing, but if you remember that No. 4 this year is reckoned equal to No. 3 of the 1927 crop, and similarly No. 5 now is equal to No. 4 of last year, the grading statement for the current season immediately assumes a much more favourable aspect.

To the buyer, of course.

I have a quotation here from the "Market News" of date November 21, 1928:—

All grades from No. 3 down to feed were bought liberally, and spreads narrowed up very considerably. The spread between No. 3 and 4 was less than five cents at one time, whereas just about a month ago, these grades were nine cents apart.

*By Mr. Campbell:*

Q Does it give any date?—A. This is dated November 21. I would suggest that as our report was issued on October 15, this may or may not be a reaction to that report.

This is from Broomhall's "Free Press" report on February 5.

There is a fair demand for No. 4 Manitoba and American and Canadian amber durum. Supplies of No. 4 Manitoba wheat are becoming scarce, and importers will be obliged to take No. 3, which is selling at two and a quarter cents premium over No. 4.

Now, previously, I think it was nine cents. It apparently has moved up to two and a quarter cents. It says the importers will be obliged to take No. 3. Apparently, the inference is that they would prefer No. 4 if they could get it at the price.—Supplies of No. 4 Wheat are becoming scarce, and importers will be obliged to take No. 3, which is selling at two and a quarter cents premium over No. 4. We do find, as a matter of fact, that No. 4 wheat makes a most excellent loaf this year quite equal to any obtained from the contract grades. It is true that the milling yield is somewhat lower, about three and a half per cent lower; but the price was nine cents different.

*By Mr. Coote:*

Q One point four lower?—A. I could read further extracts, but I think these are sufficient to make my point clear. Now, I do not know that I have very much more at the moment.

*By Mr. Vallance:*

Q You have not got a sample of the various wheats from which these loaves have been made?—A. Yes, we have that also. This is the low protein wheat. We have also the flour, so that you can form your own judgment, if you desire, as to the colour of the flour produced from the different grades.

The CHAIRMAN: It has been suggested that these flours and wheats be examined after the adjournment of the Committee—after Dr. Birchard has finished speaking.

*By Mr. Millar:*

Q I want to ask Dr. Birchard if in the case of No. 4 wheat the variation between the best and the worst would be as great or greater than in the other grades?—A. No, the variation would be much greater in the lower grades than

[Dr. F. J. Birchard.]



in No. 4. We have found this year No. 4 to be a very excellent milling wheat indeed, and that is confirmed by the continual demand for No. 4 wheat. There is just one other point that occurs to me—

Q. Is it not a very valuable wheat because some types of wheat that really were One or Two because of certain characteristics were put down into No. 4?—A. Yes, because of the presence of a certain amount of bran frost and a certain amount of immature kernels.

Q. Would you still make your former statement that the variation is less in No. 4 than in the lower grades; or would it not be correct?—A. The variation in No. 4 in quality?

Q. In quality.—A. Yes. Within the grade it is less than in No. 5 and No. 6.

Q. The variation is less?—A. Yes, the variation within the grade of No. 5. As you go down the variations are greater until you come to feed wheat for instance. With many samples of feed wheat which I have seen it would be absolutely impossible to make anything that would look like a loaf of bread; on the other hand, some samples of feed wheat were surprising indeed.

Q. It strikes me that some of those One's and Two's with just a little bran frost put into a Four would make the variation of No. 4 very great and would lend itself to those who wish to skim off the best?—A. Our contention is that bran frost is not damage; it does not decrease the milling or baking value of the wheat.

Q. It goes into No. 4 this year?—A. Yes, it goes into No. 4 this year. The green kernels present—in small percentages of from one, two to three per cent—does not affect as far as we are able to determine the quality of the loaf produced.

Q. Where does that go?—A. It goes into No. 4. Wheat which otherwise would grade One Northern is reduced to No. 4 because of the presence of these green kernels.

*By Mr. Coote:*

Q. For as small as three per cent?

Mr. AITKEN: At the beginning of the year I believe they went into three and sometimes four. The Inspectors were somewhat severe in the first two or three weeks. The reason we made these tests was that at the beginning of the season some two or three hundred cars of wheat going through the Winnipeg Inspection Office were almost one hundred per cent sound except for the presence of a very few grass green kernels, and the Chief Inspector asked just what the influence on the milling and baking quality of additions of one, two and three per cent of these grass green kernels would be. We were informed that even if the baking quality were not affected it could not be put into grades One or Two if three per cent of these kernels were present. As a matter of fact we added even as much as ten per cent, but, of course, there is a decrease in the yield of flour because the grass green kernels do not ordinarily go into the flour at all; they flatten out, and are found in the bran.

Mr. VALLANCE: Less volume only?

Mr. AITKEN: Yes, less volume only, that is less flour yield.

Mr. VALLANCE: I think, Mr. Chairman, I can demonstrate it by a sample of wheat that is in the building that some would have graded Two and Four because of the presence of a very small percentage; and I contend it was graded on the same standard as last year. We have a sample of last year to show that there is room for doubt as to the accuracy of the grading system, especially as shown to us this year and in 1928.

*By Mr. Coote:*

Q. I wonder if Dr. Birchard could illustrate that point a little further as to what percentage of green kernels he understands would cause an otherwise sound wheat to be put into No. 3 or 4?—A. I think you will have to ask the Chief Inspector that.

Mr. AITKEN: I understand that three per cent green kernels were not going into One or Two. I think that at the beginning of the year they were put in Three Northern.

*By Mr. Donnelly:*

Q. In your Report, on page three, how do you explain the amount of absorption in No. 6 Wheat?—A. That is a characteristic of frozen wheat.

Q. How do you explain the oven spring being so much greater?—A. I am not sure that I can explain it. As a matter of fact this is the first year we have ever noticed that characteristic in frosted wheat.

*By Mr. Garland (Bow River):*

Q. The presence of a lot of mature plump kernels in No. 6?—A. That is a partial explanation.

Q. Sixty-nine in Six, sixty-two in Three, oven spring?—A. These numbers must not be stressed too much. In general they are a guide as to the strength of the flour, but it is not meant to infer that these numbers bear a direct relation to flour strength. They are no doubt additional factors which influence these numbers to a certain extent.

*By Mr. Millar:*

Q. Referring again to that matter we were discussing a moment ago of those types of wheat such as bran frosted wheat and others, deciding where they should be placed; who is the authority? Is it the chief inspector? Is it the Grain Standards Board? Is it both?—A. Ever since I have been connected with this work, bran frosted wheat has been considered damaged. I presume that is tradition.

Q. That is not answering my question. I want to know who is the dominant authority. Is it the chief inspector?—A. I think so.

Q. Has the Grain Standards Board anything to do with it at all?—A. I am not sure. I cannot answer that question.

*By Mr. Campbell:*

Q. You spoke of spreads and the possible influence of your report on those spreads. I have some figures worked out. I notice that in the first part of October the spread between Three and Four was nine and a half cents. At the end of October there seemed to be a tightening up until there was a progressive drop in spreads until about the middle of November, it dropped to four and a quarter. Do you think the publication of your report would have some effect on that?—A. I would naturally assume it would have some effect, and particularly after the samples reached the Old Country and they were able to test the samples actually arriving themselves. They would be able to substantiate the results.

Q. You spoke about some of the criticisms of your report, and I think that some of those came, unfortunately, from Pool sources; but I am referring to

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another one here. I am quoting from the "Regina Leader" in a despatch from Melfort, dated December 15th, I will read from this:—

It was left to E. G. Hoppes, a farmer of Melfort, to re-introduce the figure of Dr. Birchard to the commission. He supported his case for the institution of a protein content test by copious extracts from the doctor's now famous address, in which he argued that No. 4 grade was almost, if not quite as good as No. 1 Northern.

The witness was handled by H. F. Thompson, K.C., who took considerable time and care in making the objections to the attractive theory clear. He secured the admission from Mr. Hoppes that there was a spread of 14 to 16 cents between No. 2 Northern and No. 4, and asked if the witness had ever considered how it came about that the miller in England, supposed to be an able business man, bought No. 2 wheat if No. 4 was just as good. Mr. Hoppes' faith in Doctor Birchard's theory appeared rudely shaken at the close.

May I say to the Committee that this did have the effect of intimidating farmers afterwards from putting their viewpoint before the Commission. I would like to ask Dr. Birchard if he can answer the matter put forward here. As I have already pointed out, there is nothing here which shows that No. 4 is equal to No. 2.

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Q. In some respects from the millers in the Old Country, did you not show where they were looking to buy No. 4, rather than No. 3?—A. Yes, apparently so. I would point out that in the flour yield there is a difference. High flour yield; particularly abroad, is what the miller first looks for, and there is a decided difference in our yields as between Four and the higher grades.

*By Mr. Miller:*

Q. Would there be any slowing up in the milling process of No. 4 as compared with No. 2?—A. Some no doubt. I would again point out that the yield of flour from No. 4 this year is greater than last year. The weight for bushel is higher and the yield of flour is correspondingly higher.

Q. Did the prejudice against Four and the lower grades have something to do with the price?—A. That, no doubt, is another factor. I have met millers who have said that they would grind nothing but One, Two and Three and would not touch Four, no matter what it was. I have also known, however, this year some foreign millers who have changed their views in that respect, and later in the year they were milling No. 4, whereas before they would not grind anything lower than Three. And this is true to a certain extent as regards No. 5 as well, although they were a little prejudiced and careful at the start.

*By Mr. Coote:*

Q. I wonder if you could outline or state to the Committee the factors that constitute the value of flour, or indicate, rather, the value of wheat?—A. Naturally, the factors vary somewhat as to whether it is to be exported, or whether it is to be used locally; whether it is to be used for bread-making or whether it is to be used for biscuit manufacture or for pastry. If it is for pastry, or biscuits, low protein wheat is desirable. This soft wheat flour that we have here does not produce a desirable loaf of bread. This corresponds with what the English miller would have at his disposal. The most desirable characteristic of the wheat for blending purposes, would be high protein content; and the next important consideration would be the yield of flour produced, and—in the case of this year's crop—on account of the comparatively high weight per bushel, the yield of flour as compared with other years is correspondingly greater.

[Dr. F. J. Birchard.]



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[Dr. F. J. Birchard.]

Q. Is the weight for bushel an indication?—A. The weight per bushel is the best indication we have of the comparative yields of flour.

Q. It is then a very important factor in grading?—A. Most important.

Q. For any purpose?—A. For any purpose.

Q. I believe you will agree with me that the idea underlying the definition of the contract grades is to get at the value of the wheat?—A. Decidedly.

Q. Then, do you think that enough consideration is given to the weight per bushel in the factors of these grades?—A. No, I think more consideration should be given, particularly with regard to lower grades where the milling and baking value depends upon many other factors besides the damage. That is, when wheat is graded I sometimes think there is too much tendency to look simply at the bad points in the sample—the damage that is there—without regard to the good qualities which may offset that to a certain extent. For instance, if the weight per bushel is less in Five and Six.

Q. We had one case this year where wheat weighing 64.4 pounds per bushel was graded feed. Can you understand why wheat which should be that heavy could be damaged sufficiently to be graded feed?—A. According to our system the weight per bushel is not an important factor in grading the lower grades.

Q. Then you have, I think, wheat weighing 61 pounds to the bushel, grading No. 1. We have had lots of No. 1 weighing 65 pounds to the bushel. Would not there be considerable difference in value in those two wheats indicated by a difference in wheat of four pounds to the bushel?—A. I think, roughly speaking, there is a difference in flour yield of about 5.4 per cent.

*By Mr. Vallance:*

Q. Is it not quite possible that with the moisture content that we allow in the contract grades of 14.4, if you can produce a wheat in Western Canada that will only contain 11 per cent moisture content, would not the 11 per cent moisture content wheat per measured bushel weigh less than wheat containing 14.4?—A. No, the drier the wheat the higher the weight per bushel.

*By Mr. Donnelly:*

Q. From your observations and from your tests this year, would not you say Doctor, that our standard of wheat had produced more flour and made a better loaf than ever before?—A. Grade for grade that is true.

Q. That each standard may produce more flour, and that each standard would make better flour and a better loaf?—A. Yes, better flour and a better loaf. Grade for grade that is true.

*By Hon. Mr. Motherwell:*

Q. The narrowing of the spreads between Three and Four, would indicate that the Four was dealt with rather severely by the inspector?—A. I would answer that this way: I think the narrowing of the spreads might be attributed to the fact: first, that the European buyer particularly, is not in the early crop year familiar with the characteristics of No. 4. He is, to a certain extent, wary of buying a low grade which is marked No. 4. Certainly, as compared with some No. 4's of last year, he would be justified. Some of the Four last year was very inferior.

Q. He was pleasantly surprised with this year's Four?—A. I think so.

Q. When it was discovered that the green stuff did not hurt the flour as much as was anticipated, was the grade eased up a little bit?—A. I could not say that. I do not know about that. I do know that the demand increased for No. 4.

Q. You reported the green kernels to the Inspection Department?—A. Oh, yes.

[Dr. F. J. Birchard.]



Q. The assumption would be that they would ease up a little bit?—A. The standards were set. I do not know to what extent Mr. Fraser would be justified in altering those standards. I do not think he would. No. 3 is defined by an Act of Parliament. He is helpless. I do not think that anything I have said to-day should be interpreted in any way as a reflection on the Inspection Department.

Q. I was not referring to the Inspection Department.—A. No, I thought it might be interpreted as such; it is a reflection on the system. I think Mr. Fraser, the Chief Inspector, carries out the grading in accordance with the definitions as set by Act of Parliament and, in the case of the lower grades as set by the Standards Board. He follows this out very conscientiously, I feel sure of that.

Q. I think it is admitted that the condition with respect to No. 4 is quite unusual?—A. This year?

Q. Yes.—A. Absolutely. We have nothing in all our records which would compare with it.

Q. And the attitude toward these green kernels was quite natural?—A. Very natural.

Q. They were thought, in fact, to be worse than frost at one time?—A. Yes.

Q. What is the result of the matter; will it be a guide for them later?—A. If you want me to make a suggestion, it is this: that when the standards are set I think we should go a little slower, and more attention should be paid by the Standards Board to the actual results of these tests; that the different types of wheat which it is proposed should go to make each of the grades should first be tested, milled and baked, and a report issued so that it would be known beforehand just what we are proposing to include in each grade. Then we could proceed more intelligently; and when the tentative standards are set, if we had the tests made on them before anything was definitely decided, we would know exactly what we were doing. If we were actually to make the tests to see what we had, it appears to me it would be a much more intelligent method of proceeding. Then if we would make a final test on these standards, and exhibit them to the Board and say, "this is what we actually find; these are the yields of flour; this is the baking quality; now do you wish that those should be the final standards?"

*By Mr. Vallance:*

Q. And when this is once accomplished, Doctor, advertise it to the buying world?—A. I think so. The results should be made known to the whole world.

*By Hon. Mr. Motherwell:*

Q. How much of this was available when the Standards Board made their standards?—A. Practically all the data.

Q. Presumably they would be governed— —A. I think they proceeded very much as in previous years, but they did not recognize the fact that this was an exceptional crop.

*By Mr. Carmichael:*

Q. Doctor, suppose you made your tests somewhere around the middle of October, the 9th or 10th of October, or towards the middle of the month?—A. October 9, that is the date the standards were set.

Q. Have you any data to give the Committee as to the spread in prices from Grade 1 to Grade 6 prior to your tests, showing what effect your tests had on the spread of prices on the Old Country market?—A. Yes, we have that data.

Q. Taking in all the grades from One to probably Feed?—A. I have that data in my room. I could let you have it to-morrow or at the next meeting.

[Dr. F. J. Birchard.]

*By Mr. Coote:*

Q. Did you make tests similar to the one given in that report after the new standards were set in the Fall of 1929?—A. Yes, we made them on cargo samples—additional tests on average samples, and also on cargo samples out of Fort William and Vancouver.

Q. Your suggestion is that when the Standards Board arrives at an agreement tentatively as to what is to constitute standard samples for that year, baking tests should then be made? I suppose that could be done in a day?—A. Yes, I think so.

Q. And the results exhibited to the Board?—A. Yes. Before they finally O.K. those samples.

*By Mr. Millar:*

Q. So that your impression is that One, Two and Three grades are fixed by statute, and that the Chief Inspector is powerless to alter them in any way?—A. Yes.

Q. Is not the interpretation of the term "damaged" left to the Inspector?—A. Yes, I presume so, very likely.

Q. So that he has quite a bit to do with it?

*By Mr. Campbell:*

Q. Perhaps I might give these figures. These figures show that from August 1 to November 13 of this year—the past year, 1928—the average spread from One to Six was 36.9 and that in the same period in 1927 the average spread was 49.7. That is, the spread was thirteen cents narrower this year than last year?—A. There is another point to which I would like to call attention with regard to the baking quality of frosted wheat and that is in the bulletin issued by the University of Montana in August, 1927. This is the statement:—

Wheat frosted when the moisture content is 44-46 per cent or less appears to be equal in milling and baking quality to normal wheat even though the percentage of wrinkled or blistered kernels may be relatively high. Wheat of such moisture content is in the stiff-dough stage.

I think that applies to the conditions which we are at present considering. I would also like to read a statement from "Modern Cereal Chemistry" by D. W. Kent-Jones who is recognized as an English authority in cereal chemistry. He speaks of frosted wheat and says:—

As regards baking quality, the author has failed to observe any serious deterioration.

In another place he says:—

Even the lower grades of Manitoba, having much frosted grain, are strong. They may not be quite up to No. 1, but judging purely from a strength standpoint, the difference is not very great.

Those are all right in line with our own investigations. Then, one other quotation from "The Chemistry of Wheat Flour" by C. H. Bailey of the University of Minnesota, a recognized American authority. He says:—

Frosted wheat, as the term is applied in the grain trade, includes those kernels which were produced by plants that were frozen before they ripened. The extent of damage is conditioned in large part by the relative time before ripeness that the plants were frozen. When nearly ripened, while in the stiff-dough stage, the effect of freezing is slight. Kernels frozen at this stage exhibit a blistered appearance along the back. When the wheat kernels are in the milk stage at the time they are

[Dr. F. J. Birchard.]

frozen, the effect on the milling quality of the grain is marked. The kernels in such cases appear blistered along the back, cheek and into the crease. The author's experience has indicated that when the blistered area is confined to the back of the kernel, no marked difference in the quality of milled flour can be detected when compared with normal flour.

*By Mr. Coote:*

Q. Would bran frost affect the yield of flour?—A. You will often see its effects in the yield of flour.

*By Mr. Millar:*

Q. Referring to the criticism of your report throughout the country, Doctor, I suppose you have seen those press reports?—A. I have seen criticisms.

Q. And were the differences between you and other chemists very much exaggerated at that time by press reports?—A. I think that my report was misinterpreted. I was made to say things that I never said. I was made to say that No. 6 wheat was equal to No. 1, and I think I have demonstrated that that is not a logical conclusion. I was made to say further in the "Western Producer" that feed wheat had "high flour milling value"—a statement which was never made under any circumstances. It is true that at the Saskatchewan Wheat Pool delegates meeting at Regina I did state that, this year, by taking lower extractions of flour, possibly forty per cent, we had been able to obtain a fair loaf of bread and one which compared favourably with that produced from No. 6 in previous years.

*By Mr. Campbell:*

Q. Are you correct there? You said "produced from No. 6 in previous years"?—A. That is my recollection.

Q. I do not quite get your meaning?—A. Feed wheat this year produced a loaf like that obtained from No. 6 in other years. As far as we can see there is a difference of about a grade all the way through. I think, too, that some of the differences of opinion arose from the fact that the milling yields as stated here in this report were not considered. We did try and mill No. 6 wheat, to about seventy per cent extraction, and it produced a very inferior loaf. Due consideration must be given to whether or not we are dealing with individual samples or fair average samples. The photograph which I will show you indicates that very clearly. We have baked samples from No. 6 wheat at other times and by no process of the imagination could the results be considered loaves of bread. They would bear no relation to what you see here produced from average No. 6 of this crop. It must also be remembered that the yield of flour is a very vital and important consideration when discussing quality.

*By Hon. Mr. Motherwell:*

Q. If the Standards Board met much earlier than formerly, would that still give you time enough to get the date ready?—A. The trouble would be that we would not possibly have representative samples from all the provinces. The quality of the wheat from Manitoba differs materially from that of Alberta, and the Alberta crop comes in later. It might be somewhat misleading.

Q. That has always been the difficulty?—A. That has always been the difficulty.

Q. Sometimes they have to have a second meeting to meet the altered situation?—A. Yes.



*By Mr. Campbell:*

Q. Could samples not be taken up in the country and sent in specially?—A. That is a question, of course, that the Chief Inspector could answer better than I. I have discussed that with him at times to find out if he was not justified in proceeding at an earlier date.

*By Mr. Coote:*

Q. Would you care to express any opinion on this question as to whether it would be advisable to set all the grades by statute instead of having the Standards Board set the lower grades?—A. I doubt very much if that would be possible on account of the very great difference in the quality of the lower grades from year to year. If one tried to be too mechanical I think it would not work out well.

Q. According to your idea, would it be well to try to make the baking quality of these lower grades as near as possible one year with another—as near as seems possible?—A. Yes, I think that something of that nature would be an advantage. It is not always possible. For instance, if there was a rust year, by no possibility could we get the yield of flour which we get to-day if the wheat weighed 53 pounds to the bushel by no possibility could we get the large yields here indicated.

Q. Do you think it is advisable to mix rusted wheat of 53 pounds to the bushel with Alberta wheat weighing 62 pounds to the bushel and put them in the same grade?—A. No, I do not.

Q. In wheat?—A. I think they should be kept separate if possible.

Q. Is it true that as a rule the average wheat in Manitoba will weigh less to the bushel than wheat from the western part of the Prairie Provinces?—A. Yes, I think that is true.

Mr. AITKEN: Yes, we find that as a rule.

*By Mr. Coote:*

Q. Would you care to give your opinion as to whether it would be advisable to have the Standards Board meet somewhere in Alberta and set standards for Calgary and Edmonton for Pacific shipments?—A. Yes, I think that would be feasible; I think it would be advisable. Shipments out of Vancouver are fundamentally different from those of Manitoba.

Q. A different type?—A. A different type.

Q. Is it difficult for the inspector to grade wheat that is all of that type with a standard sample, or that has maybe only thirty or forty per cent of that wheat in it?—A. Yes, I have met with that difficulty. In fact, the inspector at Edmonton or Calgary has told me that his standard samples were of very little use to him in this particular year as they were of an entirely different type.

*By Mr. Donnelly:*

Q. Do you find any difference in the depth of the frost? Suppose you have a frost of seven or eight degrees which would freeze the kernel right through and one of two or three degrees which would be bran touched and would not penetrate the centre?—A. No doubt there are two important factors—the degree of frost and the percentage of moisture in the grain at the time of the frost. A wheat which is comparatively dry and low in moisture can stand a comparatively high frost with very little damage.

*By Mr. Coote:*

Q. Would it be possible, Doctor, to get any definition for bran frost, that is, to indicate the extent of the frost which might be named?—A. I think bran

frost could be fairly well defined by reference to standard samples and by saying, "here are one hundred kernels or more, we consider these bran-frosted; we do not consider them severely frosted."

MR. MILLAR: What words would you put in the Act to define "bran frost".

*By Hon. Mr. Motherwell:*

Q. Bran frost has usually not much discolouration?—A. Yes, that is true. I do not know how to answer that, Mr. Millar, I might point out that bran frost is not considered damage in the United States.

Q. It will have to be left to some one to interpret the wording of the Act.—A. Yes, we have that now.

*By Mr. Campbell:*

Q. The weight itself is a very good proof. If the weight is high it shows it is not severely damaged?—A. Possibly, yes; but I have seen samples of very severely frosted wheat and still of comparatively high weight.

*By Mr. Coote:*

Q. Coming back to the question of green kernels, you mentioned a certain percentage of green kernels. Should they be determined by the weight of the green kernels, or by the number?—A. By the weight.

Q. Do you know if it is done that way at the present time?—A. No, it is not done that way.

Q. It is done by counting the kernels?—A. Yes, I believe it is done by counting.

Q. And very often those green kernels will not be more than half the weight?—A. Very much lighter sometimes.

*By Mr. Campbell:*

Q. A number of them would come out clean?—A. They are often found in the bran, and generally speaking they do not appear in the flour at all.

*By Mr. Fansher (Last Mountain):*

Q. You mentioned a moment ago about having the Standards Board meet to set standards for Pacific shipment. As the wheat belt is moving north, the different types of grain are becoming more distinctly defined and there is a wider difference. Would that condition obtain if there was a chemical analysis for the protein content? Would these different types from various parts of the country figure in the grading of wheat to the extent that they now do if the protein content were a factor in grading? For instance, we have a type of wheat grown in Manitoba or Southern Saskatchewan which is rather lean—the yield of flour is probably not so high, relatively not high in protein—a different type of wheat entirely from wheat grown in the Peace River country which is equally high or higher in protein and is very plump, a fat wheat, a different type of wheat so far as appearance is concerned. Would that variation in type be so marked if a chemical test were used as a factor in the grading?—A. I think the chemical test in a case like that would be very useful in giving information as to the types of wheat which we have before us.

Q. And would eliminate a great deal of difficulty?—A. A good deal of difficulty.

*By Mr. Coote:*

Q. Regarding the question which came up here as to comparing the selling price of No. 3 with No. 4 wheat, would not that partly be accounted for by the fact that the average No. 3 contains a large percentage of what is called starchy kernels?—A. Yes, I think so.

Q. That should be excluded from One and Two?—A. Yes, I think so.

Q. That in most of the No. 4 there would not be a very large percentage?—A. Yes, that is true. As I understand it, wheat containing 100 per cent starchy kernels goes at times into No. 3, and that I assume would not be as valuable a wheat as many Fours.

Q. Can you tell us what is the lowest protein content you have found in some of the wheat?

Mr. AITKEN: Eight and a half is the lowest.

Mr. COOTE: That would be sufficient to make a good loaf?

Mr. AITKEN: Not by itself. It might be used satisfactorily for blending purposes.

Mr. COOTE: If it was used by itself?

Mr. AITKEN: No.

Mr. COOTE: It would not make as good a loaf as an average No. 4?

Mr. AITKEN: No.

Mr. DONNELLY: What is the highest protein of some of the samples this year?

Mr. AITKEN: We had one or two samples bordering on sixteen per cent.

Mr. DONNELLY: What place in the West did they come from?

Mr. AITKEN: Some east of Calgary, and some south of Moose Jaw.

Mr. COOTE: Could you tell us about what percentage of protein you need in wheat to make a good loaf?

WITNESS: In the flour or the wheat?

Mr. AITKEN: In this particular year grades One, Two and Three Northern have between 12.3 and 12.8 per cent. In the flour there will be a decrease of approximately point eight of one per cent.

Mr. COOTE: You consider that sufficient?

Mr. AITKEN: Yes, I think between eleven and twelve to be sufficient.

Mr. COOTE: In baking would a straight protein of over fourteen per cent be an advantage by itself?

Mr. AITKEN: By itself, it might be too strong.

Mr. COOTE: But for blending with low grade flour it might be?

Mr. AITKEN: Yes.

Mr. DONNELLY: Would you have a good loaf by adding malt extract?

Mr. AITKEN: We have obtained good loaves of bread by adding malt extract to high protein flours.

*By Mr. Millar:*

Q. Assuming that the Grain Standards Board is made up, probably half of grain men—people who are buying the grain—and the other half of those who are selling, would it be detrimental to those who are selling the grain, if all those who fixed the grades represented the farmers—the producer? That is, they would then have the say as to how they would present the product they were selling rather than those who are going to buy it?—A. I do not know, I have never thought of that very much.

*By Mr. Garland (Bow River):*

Q. Can you determine that as a result of a laboratory experiment?—A. Well, it hardly comes within my province to answer that question. I doubt if all the producers would have the necessary knowledge. I am not sure that they would.

[Dr. F. J. Birchard.]



Mr. COOTE: They could get the knowledge from the Inspection Department.

Mr. MILLAR: They could make a study of it from the sources of knowledge. I do not blame you for not answering it because it is not exactly in your province.

*By Mr. Fansher (Last Mountain):*

Q. I would like to ask Dr. Birchard if there is any other factor than the flour content taken into consideration from the miller's point of view in the value of wheat?—A. I do not think so. There are the by-products, of course, the bran and shorts must be considered—the milling yield, the baking quality. I know of no other factor.

Q. If there is no other factor, in your opinion, is it not essential that that be one of the chief, if not the first factor in the grading of our wheat?—A. Yes, if a practical means can be found by which we can co-relate the results of milling and baking tests with the actual appearance of the wheat.

Q. Have you any suggestion as to the time that it will take to complete a practical test for use in the grading of wheat—a practical test of this nature?—A. You mean a milling and baking test?

Q. We have been probably three years in research work now. Will it take another three years, or another two years, or another thirty years, or what?—A. To solve every problem? I doubt if ever that time will come.

Q. Not to solve every problem; to reasonably incorporate this in our Grain Act and make it a factor in the grading of wheat?—A. I think we already have some knowledge which could be incorporated in the grading of grain to advantage. What I have said in relation to the bran frosted wheat I have said already on other occasions relating to wheat which has been slightly bleached. We can find no detriment whatever to wheat which has been slightly discoloured as the result of a shower of rain. Why it should be degraded on that account I think can only be attributed to tradition, to prejudice—it has always been that way, and it should always be that way—appears to be the idea.

*By Mr. Garland (Bow River):*

Q. You showed us photographs of bakings which were made back in 1911?—A. 1917. They show at that time something of a different nature entirely from now. The flour produced a runny dough—and the loaf was flat at the crown.

Q. I was interested in those loaves particularly as they showed quite a difference in texture and appearance to the loaves we have to-day before us. I want to ask this question. Do you consider that the quality of the bread baked from the flour to-day is inferior to the quality of the bread baked from the flour of those days?—A. Are you speaking as regards the high grades or low grades?

Q. Both?—A. I would say they were superior to those of an average year.

Q. Now, I just jotted down a note when you showed the photograph. I asked you whether you had any data which would give us a four-year average of the quality of flour some years ago and a four-year average from 1924-1928. You see my object is to do what we can to offset this vicious propaganda which has been circulated that the quality of our wheat has been deteriorated?—A. I cannot give you that by four-year periods. The laboratory was closed up for two years. We can give you it for two years back. This would make the third.

Mr. GARLAND (Bow River): Perhaps Mr. Newman would have it.

Mr. NEWMAN: Not for that length of time.

WITNESS: I do not know that I can recall any year when the general baking quality was superior to what we have before us to-day.

[Dr. F. J. Birchard.]

*By Mr. Garland (Bow River):*

Q. Your evidence would go to show that it would be unfair to take this year as an average year?—A. Yes, I think so. In this connection, I might point out that I am informed that there is a distinct demand abroad this year for this year's wheat. There is still, I am told, a considerable quantity of last year's wheat in the market, but the buyers do not want last year's wheat; they want this year's wheat. They will not readily take a No. 4 from last year, but they will gladly take a No. 4 this year, which goes to confirm what I have already stated.

*By Mr. Donnelly:*

Q. Can you say how frost affects the by-products of wheat?—A. So far as I am aware it has no effect on the feeding value. I suppose you mean the bran and shorts? I cannot see any reason why it should.

Q. Is there not more good material, you might say, put into the bran and shorts from the frozen and shrunken kernels than there is from the plump One and Two?—A. Judging from what I have seen of the results from the large commercial mills, I would hesitate to say that, because as far as I can see they were getting the very last gram of flour out of the wheat.

*By Mr. Coote:*

Q. They were taking a bigger flour extraction than from shrunken kernels?—A. They were taking a very large per cent. Bran frost, as I take it, is either damage or it is not damage. If it is damaged, then it should be regarded as such, and if it is not damage, why consider it so?

*By Mr. Garland (Bow River):*

Q. Why not define those damaged kernels as the result of frost, and those on which the frost is confined to the bran?—A. Something of that nature, yes, and I think it should be accepted. It appeals to the eye; it is quite obvious. It is easier to define in that way than it is by definition.

*By Mr. Coote:*

Q. There is a frost which injures the appearance of the wheat but not the quality?—A. Yes.

Q. And there is another frost which injures the quality as well?—A. Yes.

Q. With regard to green kernels do you consider it would be possible to define in the statute the percentage of green kernels which should be allowed, or could that better be done in the same way as you suggest in regard to bran frost?—A. One difficulty is that the percentage of green kernels which should be allowed depends on what else is there. If the kernels are of high weight per bushel, high protein content baking quality, the sample will carry a larger percentage of damaged grain than it otherwise would. I think there is no question about that.

*By Mr. Fansher (Last Mountain):*

Q. As regards your test mill, Doctor, I have heard it stated throughout the country it is not possible to get the results in a commercial way that you get in your testing mills. Can you give us any answer to that criticism?—A. We do not obtain exactly the same flour and exactly the same yield as is obtained in a commercial mill; there is no question of that. We do think, however, that

we obtain flours that are strictly comparable, in yields and as regards quality, and I have some direct evidence to support this opinion. We have conducted some comparative tests with a commercial mill, and the results were fairly satisfactory; we have also reports from millers who have compared results from their experimental and commercial mills, and they all appear to be fairly well in line. In the document which has been tabled to-day you will find a full discussion on that question, and I think you will find a satisfactory statement regarding this question. The whole matter is discussed in this report.

Witness retired.

The Committee adjourned until eleven o'clock a.m. on Wednesday, March 20, 1929.



## HOUSE OF COMMONS,

MARCH, 20, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. W. F. Kay, presiding.

Dr. F. J. BIRCHARD recalled.

The WITNESS: I should like to call the attention of the Committee to a press report of my evidence which appears in this morning's issue of the "Montreal Gazette". There are a number of inaccuracies in this statement and it is not very clear in a number of places. However, I will refer only to the most important of these.

The heading "Protein Content Factor Recommended" is too sweeping. I did not mean at this stage to go on record as recommending the adoption of protein content as a grading factor in wheat. What I had in mind was that the adoption of the protein test would have been an advantage inasmuch as it would have eliminated a considerable number of low protein cars from the Three Northern grade, and a large number of cars grading No. 4 would have been raised a grade or more, provided of course that light bran frost was not considered damage, and the presence of a small percentage of green kernels was allowed in the higher grade.

Also the following should be corrected—"Tests indicated that a great deal of wheat graded as No. 4 was equal to No. 2, and possibly No. 1, he contended." This should read "Tests indicated that a great deal of wheat graded as No. 4 was equal to No. 2 and possibly No. 1 as regards baking quality, but the yield of flour would be 2 or 3 per cent less.

Similarly the statement, "The presence of bran frost and green kernels was often the sole reason for lower grading" should read "the presence of bran frost and a small percentage of green kernels was often the sole reason for lower grading.

And the statement, "These tests showed that by taking a lower percentage of flour from the wheat it was possible to derive a product of equal standard. Even when extractions as high as 66 per cent were taken from the lower grades, it was found that the flour could be satisfactorily used for bolstering up the protein content of soft wheat" should read: "These tests showed that by extracting a smaller percentage of flour from the lower grades of wheat, it was possible to derive a product equal in value to the longer extraction obtained from the contract grades. Even when extractions as high as 63.6 per cent were taken from the lower grades it was found that the flour could be satisfactorily used for bolstering up low protein flour.

What was meant was that it could be used for improving the general baking quality, and particularly the strength. I think perhaps with these corrections the article is substantially correct.

Possibly if there are any questions to be asked with regard to yesterday's evidence, that would be the better way to proceed.

*By Mr. Coote:*

Q. Yesterday you exhibited some loaves and made a statement with regard to good bread having been made from No. 6 wheat, but with a very low percentage of flour yield. I thought perhaps you might give us a little more

[Dr. F. J. Birchard,]

information with regard to that statement. For instance, would it be profitable to mill such a small percentage of flour from that wheat—from No. 6?—A. From No. 5 and from No. 6? I can see no difficulty in milling the small percentage which was indicated yesterday. This (indicating) is the loaf that was produced from the short extraction, and this (indicating) was produced from the remainder. It is still a fair loaf of bread, but not equal to that produced from the short extraction, yet quite equal to that which is ordinarily used in the export trade.

Q. You mean to say that approximately 30 per cent or 34 per cent of high grade flour might be taken, and another 30 per cent or more of a lower grade flour?—A. That is right. This (indicating) is the loaf from the lower grade flour.

*By Mr. Donnelly:*

Q. And the other is the 70 per cent?—A. No; this (indicating) is the loaf from the mixture of equal parts of No. 6 and of No. 5, both of short extraction—that is, the best flour.

Q. That is what remains?—A. That is the poorest loaf. This (indicating) is the loaf from the remainder of the flour, after the best portion is removed.

*By Mr. Brown:*

Q. I thought that was the loaf from the 66 per cent?—A. No, this is from the poor flour. That (indicating) is from the 66 per cent.

*By Mr. Coote:*

Q. I thought that point was not brought out yesterday; we did not have any information on that point.—A. The contention is that even after you take the best 34 per cent off, the flour which remains is still able to produce a fair loaf of bread.

Q. And that would be suitable for some export trade?—A. It is suitable for the Oriental trade.

Q. Is there any way of improving the colour of the grayish flour which is made from the lower grade wheats?—A. It could be bleached as is ordinarily done commercially.

*By Mr. Donnelly:*

Q. Have you done any milling or baking from No. 6 of last year or the year before?—A. Yes.

Q. Can you give us any information with regard to that?—A. This year's No. 6 is superior to the No. 6 of last year. We have more flour and better flour.

*By Mr. McMillan:*

Q. And the same thing would apply to the other grades?—A. Decidedly.

*By Mr. Coote:*

Q. I believe it would be true that the baking quality of the grades would differ materially, one year from another?—A. Yes.

Q. Or from year to year?—A. Yes.

*By Mr. McMillan:*

Q. Does bleaching interfere with the nutritive quality?—A. The nutrition value?

Q. Yes.—A. I do not think there is any evidence to show it interferes with it in any way.

[Dr. F. J. Birchard.]

*By Mr. Coote:*

Q. Coming back to the point I asked you about a moment ago regarding the different qualities of wheat each year; would it not be a good thing to have tests made every year as early as possible in the season, and have the results made public?—A. Yes. I think it would be very advisable if tests could be made to determine the general quality of the crop in the three western provinces as early as possible; this information to be given out at regular intervals.

Q. How early could that be done?—A. That would depend a great deal on the season. We could have a great deal of information by the time the Standards Board met if we had the proper facilities and the co-operation of the grain trade, the pool, and the inspection department. I think we could have a great deal of information which would be of value to the Standards Board.

Q. Could it not be made available before the Standards Board met? We market a big percentage of our crop very often before that.—A. I see no reason why that information could not be available and given to the press and trade journals and sent to the buyers of grain abroad, so that they would have authoritative information as to what to expect. In other words, it could be a part of our regular grain statistics.

*By Hon. Mr. Motherwell:*

Q. Supposing an analysis made a poor showing; would you advertise that all over the world?—A. They would know sooner or later, in any case. I always feel it is best to tell the truth, and then when you tell them something is not quite so good they will believe you, but if you always tell them it is good they will not believe you.

Q. You have to pursue the same practice every year, good or bad?—A. Yes.

Q. You would have to tell the bad as well as the good?—A. Yes.

*By Mr. Millar:*

Q. Have you ever had a chance to make comparisons between the different grades of wheat as they arrive overseas?—A. Yes. We have secured samples for this purpose, and in fact we have an investigation under way at the present time. It would have been completed but the laboratory was all torn up last summer on account of the extension of the Grain Exchange building, and we were not in a position to complete it.

Q. You are not able to say whether the variations in the grades were greater or less overseas?—A. We cannot make any statement at the present time.

*By Mr. Fansher (Last Mountain):*

Q. You mentioned a while ago that you could make this test and get out this report early if you had the cooperation of the pool and the grain trade generally. What do you mean by that? Has that any connection with getting the samples?—A. Yes. Some of them before actually threshing and immediately after threshing and before any considerable quantity has reached Winnipeg.

Q. How many pounds would you need?—A. Five pounds would be sufficient for a milling test.

*By Mr. Brown:*

Q. How much do you need for a baking test?—A. Five pounds of wheat.

Q. Is that sufficient for baking?—A. Yes.

*By Mr. Coote:*

Q. Does not the chief inspector secure samples of wheat before threshing starts?—A. I do not think so—not before threshing starts.



Q. I wonder how he grades the first carloads.—A. He grades them on the previous standards.

Q. Often there is a considerable difference in the standards from one year to another.—A. I presume in that case he uses his own judgment.

*By Mr. McMillan:*

Q. You said your laboratory was torn up. Has that interfered materially with your work?—A. Very materially this summer, yes.

*By Mr. Coote:*

Q. The laboratory was moved?—A. A corridor was placed right through the middle of the laboratory, so that the protein equipment was entirely disrupted and the baking room was dismantled for a long period, and the general conditions were such that it was almost impossible to work at all; owing to building operations, plaster coming down, and the noise and banging of the workmen all around us.

*By Mr. Donnelly:*

Q. Is it fixed up now?—A. It is almost completed now.

*By Mr. Millar:*

Q. How has your lease permitted that?—A. We had no lease.

*By Mr. Sinclair (Wellington North):*

Q. Is there any real standard for No. 1, or does it vary every year?—A. It changes to some extent. The weight per bushel changes and the protein content changes.

*By Mr. Coote:*

Q. Yesterday you spent quite a while dealing with the report you issued regarding the quality of the different grades. Is that done every year? Has it been done in the past?—A. Except during the period when the laboratory was closed. We have always made tests of the averages from the different inspection points.

Q. Has that report been made public in other years—or do you know?—A. Some of these reports have been published in the book I showed you yesterday. They have not been all published.

Q. Were they published in the Fall, at the time they were made?—A. No. I think there was only one which was published immediately after the standard was set, or within a short time.

*By Mr. McMillan:*

Q. You say you have been doing this work? How long have you been reporting it? Only a short time?—A. The reports have been issued to the Board of Grain Commissioners and to the chief inspector every year since the establishment of the laboratory in 1913.

*By Mr. Coote:*

Q. Personally I think this report is very valuable, and I think it should be done every year. I wonder how early in the season it could be published; how many weeks before the wheat starts to move, would it ordinarily take?—A. A preliminary report could be put out in a few weeks after the crop started to move—two or three weeks, and it could be followed up if desired by further reports as more samples come forward.

Q. It is always available to the Standards Board at any rate? It would be ready when the Standards Board met?—A. Oh yes.

Q. You are working now on a publication of a protein map, I think?—A. Yes.

Q. Could that map be ready by the time the Standards Board met?—A. I do not think it could be prepared entirely—not complete; but fairly so. Most of the information could be available.

Q. Eighty or ninety per cent?

Mr. AITKEN: It depends on when the Standards Board met. If they met as late as last year, 80 per cent could be ready by October 15th, but not earlier than that.

Mr. DONNELLY: Did the Standards Board meet later last year than usual?

Mr. AITKEN: Yes, a little later.

*By Mr. Coote:*

Q. Then it is a question if we could have the protein map available by that time?—A. We could have all the essential information available. It would not be possible to get all the outlying districts; there would be places where the information would be scanty, but it would be fairly complete. You might be interested in seeing these figures on the original map which shows the number of samples used in the preparation of the map.

*By Mr. Sinclair (Wellington North):*

Q. What is the difference in the price between Nos. 1 and 6?—A. At the time the report was issued it was 45 cents.

Q. Is that too great a spread?—A. Forty-five cents is too great a spread. I think, and that is borne out by the fact that the spread gradually narrowed down.

*By Mr. Millar:*

Q. That leads up to a question I wanted to ask. Would you mind mentioning a few of the other factors which affect price? One factor is that two flours will not make equally good bread. What are the other factors in arriving at the value of the flour?—A. There are several other factors. Two of them might be mentioned. First, there is the question of supply and demand. If a very large proportion of the crop grades low, naturally that would tend to depress the price below what it actually is worth. If the demand is for a contract grade, and a large proportion grades No. 5 and 6, naturally these can hardly receive the full amount to which they would be entitled, according to this test. The second point to be mentioned is the fact that unquestionably lower grades, giving a lower yield of flour naturally reduce the milling capacity, and that again reacts on the price. In the foreign market, as I understand it, the miller looks for a high yield of flour. He has to pay the same freight on a ton of No. 6 which only gives him perhaps 63 per cent, as he would on a ton of No. 1 which gives him over 71 per cent, so that he naturally would pay more in proportion for high grade wheat than for low grade—for that reason alone.

Q. What kind of bread would the very strongest flour, the flour most available for blending purposes, make, if baked alone?—A. Such a wheat would, milled and baked alone, ordinarily give a comparatively small loaf of bread. It would only, when mixed with a softer wheat to reduce the protein, or by the addition of malt extract or something of that nature, to the flour give as large a loaf as would be obtained from a wheat of lower protein content.

Q. It is valuable for blending purposes?—A. Yes.

[Dr. F. J. Birchard.]

*By Mr. Coote:*

Q. Could you give us an idea of the comparative value of American soft wheat and our Manitoba wheat for baking purposes?—A. That is a very big question.

Q. I suppose it would depend on what they are used for?—A. There is the Montana wheat which is high in protein, higher than our own, but only a small proportion of the American crop.

Q. I was referring to the American wheat—the winter wheat.—A. Personally I have made very few tests of that.

Mr. AITKEN: I know that Kansas hard winter wheat, for instance, is a very choice wheat for milling and compares favourably with our best, but the difficulty with it is that it has to be handled very carefully. The doughs will not withstand abuse as well as our strong wheats; also the fermentation has to be carefully watched. If baking conditions are ideal you will invariably have a larger loaf than could be obtained from our Canadian wheats. The general practice is to obtain North Dakota or Montana hard wheat, and blend it with high protein Kansas hard winter wheat; such a blend will more readily meet the requirements.

Mr. COOTE: The question arises here as to the practice you use in making your baking test. I presume it is a uniform practice, that is carried out in connection with all samples.

Mr. AITKEN: Yes. We use a method which compares very favourably with commercial bake-shop practice. We make some baking tests under semi-commercial conditions, mixing and moulding by machine. The doughs are given long fermentation periods and probably the maximum "proving". Our baking conditions are drastic and every endeavour is made to meet the conditions that the flour will have to contend with in the bake-shop.

Mr. COOTE: It is all baked the same length of time?

Mr. AITKEN: Not necessarily. The baking depends naturally on the size of the loaf. A large loaf will have a greater surface exposed to the temperature and the time to bake it will be longer. The height which the dough reaches before going to the oven is the same in all cases although the length of time it requires to reach that height is not always the same, depending upon the characteristics of the flour.

Mr. COOTE: You consider that is the most uniform method you can use?

Mr. AITKEN: We have the most uniform method that can be used.

*By Mr. Fansher (Last Mountain):*

Q. Can it be duplicated in any ordinary commercial bake-shop without difficulty?—A. Yes.

*By Mr. Anderson (Halton):*

Q. Have you estimated the wheat protein content of the Peace River district?—A. Yes.

Q. How does it compare with Manitoba and Saskatchewan?—A. If you will look at the map you can see the range; it shows variations, low, medium and high.

Q. What are the main factors with regard to the production of high protein content wheat? Is it not very much diversified, one district producing different grades of protein?

Mr. AITKEN: Climate, and soil conditions are important; rainfall also plays an important role.

Mr. ANDERSON (Halton): Has cultivation anything to do with it?

[Dr. F. J. Birchard.]



Mr. AITKEN: Yes, although rainfall and soil are important factors, also the variety of the wheat. Climate I believe is the most important factor.

Mr. ANDERSON (Halton): Climate could not, because these sections are so close together. That would come in largely owing to the soil.

Mr. AITKEN: I am speaking generally. You may have adjoining districts where farms would naturally have similar amounts of rainfall, but which might produce wheat of different protein content. This would largely depend on the variety sown in each particular district.

*By Mr. Coote:*

Q. It would also depend on the soil?—A. Yes. These three factors have to be considered jointly.

*By Hon. Mr. Motherwell:*

Q. Is there any practical way of determining the quality of protein without baking?—A. I know of no other test, other than the baking test.

Mr. MILLAR: I would like to ask Mr. Aitken another question before he closes. Hon. Mr. Motherwell raised the question of the quality of protein. In a wheat lacking any damage, such as you find in the higher grades, is there any great variation in the quality of the same variety?—A. You mean taking one variety, and considering different grades?

Q. Is there any marked variation in the quality within the same grade where there is no damage?

Mr. AITKEN: Yes. No. 3 Northern varies within the same grade. You can probably have ten or twenty types of No. 3 Northern.

Mr. MILLAR: Perhaps I have not made myself plain. I think I said "grades" when I should have said "varieties". In a grade where there is no serious damage such as 1 and 2 and possibly 3—take one variety that goes into that grade, such as Marquis; is there any marked variation in the quality within that variety?

Mr. AITKEN: It would depend on where it was grown. If it all came from the same district, from the same soil—

Mr. MILLAR: Then there is a difference coming from different sections?

Mr. AITKEN: Yes.

Mr. MILLAR: That confuses it again. I think you mean there is a difference in quantity.

Mr. McMILLAN: I did not say quantity; I said quality.

Mr. MILLAR: I see it was stated by an authority a few days ago that the variation in the same variety was very, very slight. Is that true?

Mr. AITKEN: I do not think so. I think it depends partly on the soil in which that variety is grown.

Mr. MILLAR: The quality changes with the grade?

Mr. AITKEN: Yes.

The WITNESS: How was that quality determined? The quality of protein?

Mr. MILLAR: Yes.

The WITNESS: How was it determined? We know of no better method of determining quality than baking.

*By Mr. Coote:*

Q. The question arises out of your evidence yesterday regarding an endeavour to improve grades, defining bran frost as different from heavy frost. Could you make a standard of bran frost wheat which would not constitute

damage?—A. Yes, I think so. I do not think it is a difficult matter to distinguish light bran frost from severe bran frost. No doubt the line of demarcation is not strong. At the same time, one could pick out definite samples and say "This is bran frost; not damaged; this is more severe frost and is damaged." It is very much the same as the inspector's practice at the present time.

Q. That could be proved by making baking tests?—A. Yes.

Q. Is there any noticeable difference in taste which can be detected between what we call gray and cream coloured breads?—A. No, I do not think there is. We have never noticed any difference. I would suggest you take one of these loaves and try it yourself.

Q. You have been experimenting in this for many years and you might have an idea whether there is any noticeable taste in the gray loaf bread?—A. Not in the taste alone. A loaf which is gray is often a loaf made from frosted wheat flour or from a flour of long extraction; and if it were for the latter reason it would tend to have the same taste as brown bread. I am not referring to bread from frosted wheat which might be slightly heavy. A loaf of bread made from badly frosted wheat generally tends to be soggy.

Q. Now just a question or two regarding the work done by the laboratory. Would you make a baking test for private parties sending wheat into your laboratory? Is that considered to be part of your work?—A. No, we do not do that; we do not make tests for commercial purposes.

*By Mr. Steedsman:*

Q. Do you make any tests from Durum wheat?—A. We have made them, but only to a limited extent.

Q. Not with mixing, to any extent?—A. We have done it, but only a few tests. There was no object in doing that.

*By Mr. McMillan:*

Q. It did not prove satisfactory at all?—A. No.

*By Mr. Coote:*

Q. You make an annual report from the laboratory to the Board of Grain Commissioners?—A. Yes.

Q. And are you allowed to give out information regarding the value of the protein content to any party applying for it?—A. It has been customary to give out information as the tests made, to the various grain firms who help us in supplying the samples, and to individual farmers who may apply.

Q. What I had in mind was to make the laboratory of more use to us in the marketing of our crops. If importers in the old country were allowed to secure information from your laboratory, I think it might help. I wanted to know if you had the right to give out information to any parties who might apply to you.—A. As a matter of fact, we have never had application from foreign buyers for information as to the protein content of our wheat. However, I think the proposal a good one. If it could come to be recognized that the laboratory was in a position to give out official information from time to time regarding not only protein content, but the weight per bushel, the amount of damage, and the general baking qualities, I think in the end it would be a very good thing for the marketing of our grain—that is to have some source where foreign buyers could apply with assurance that they would get accurate, reliable and authoritative information. At the present time such information can only be given out by private grain firms or private laboratories, and it is not official.

*By Hon. Mr. Motherwell:*

Q. Would it not be important that the inspection department should grade according to the information you give them? Otherwise, there would be discontent.—I mean information regarding these particular grades would be given

[Dr. F. J. Birchard.]

for any particular year. The grades differ in some years in the weight per bushel, in the protein content, on account of drying and perhaps for other reasons, and if some reliable source was available where that information could always be obtained, perfectly reliable, authoritative, and official, I believe it would be a good thing.

*By Mr. Coote:*

Q. That brings us back to a point formerly raised by Mr. Motherwell. If you gave out the information when the crop is of high quality, you would have to give it out when it is not so high, and some people will argue that that is not to our advantage. Is it your opinion that the buyer at the present time is buying on the minimum of grade when the certificate is final?—A. I would think likely. I would think in the case of low grade wheat, Nos. 5 and 6, the buyer forms his judgment as to what he might receive on a sort of generalized idea of what he has been receiving in the past. Yesterday there was exhibited a No. 4 wheat, a very thin, low weight per bushel, from which only a very small percentage of flour could be extracted. I would think that if I were a buyer I would bid on that kind of wheat because that is what I might possibly get.

*By Hon. Mr. Motherwell:*

Q. Would that sample (indicating) make No. 4 this year?—A. At the beginning of the year, if I would have to bid, I would bid on that kind of wheat.

Hon. Mr. MOTHERWELL: I never saw No. 4 wheat like that in my life.

*By Mr. Millar:*

Q. You think you would rather fix the price on what you might receive than on what you were receiving?—A. There is no real need to consider the price at all; I was thinking of giving out definite information regarding the quality of each grade which is actually going forward.

Q. You spoke of what the buyer would do and what you would do if you were buying. If you were a buyer, would you be likely to fix the price on what you were receiving or on what you might receive?—A. In the beginning of the year I would be receiving nothing. All I could go by would be what I had received in the past, as to what I might receive.

Q. That is sidestepping a little.—A. I do not think so. I did not mean to sidestep at all.

Mr. BROWN: I think the general opinion of the Committee is that we should go on with another witness.

Mr. MILLAR: I want to ask one question whether you like it or not.

Q. The impression has been left that the variation in the quality of the high-grade is considerable. Would it be a safe guide for the mills, which buy it on a quantity basis, assuming that the high grade is sufficient?—A. I would like you to repeat that question.

Q. The impression has been left that the quality of protein in the high grade is quite varying. Is it not plenty close enough so that the mills in Canada which buy on quantity, may assume that the quality in the high grades may be relied upon in the usual way?—A. I think that the mills buy on quantity and also buy on quality by testing it for actual milling value. In conjunction with the quantity, they consider the quality by making actual milling and baking tests.

[Dr. F. J. Birchard.]



Q. When a train of cars is run off at Moose Jaw or Saskatoon, they go along and pick out the cars they want and send samples to the laboratory to be tested. They are then tested for quantity; the first choice is on quantity?—A. Yes, probably. They also know the district those cars come from and they have the results of baking tests from those districts, and therefore they have some idea as to the quality. I would assume that is true.

Witness retired.

Dr. L. H. NEWMAN recalled.

The WITNESS: Mr. Chairman and gentleman, I would like at the outset to make it clear that the cereal division of the Experimental Farm Branch of the Department of Agriculture, which I represent, is not officially concerned in the grading of grain. Our function is to produce, develop and test new varieties of the various types of cereals and try them out in the different regions throughout Canada. In connection with that work however, we must of necessity make a rather intimate study of varieties. We must know varieties and types before we can proceed with our program, and having to know these varieties we are in a position to assist those who are concerned in the grading of your wheat. We have been very glad to be able to give that assistance during the past two or three years, particularly since some of these more or less contentious questions have come to the front.

Last year, you may remember, I submitted the result of a study made of samples obtained from cargoes collected at Liverpool. We gave you some figures and showed you some types, indicating the varieties that are mixed up in connection with these Old Country shipments. I have here something similar to what we exhibited last year. You will notice a number of varieties in each case, which were found in specific shipments, as well as the percentages of each type. Last year we submitted loaves from these different shipments, together with full information regarding the way they were graded to the purchaser, and loaves of the official standard samples for comparison, especially grades 1, 2 and 3. I did not have time to have these loaves prepared to-day because I did not know that I was coming on quite so soon. But these are very interesting as showing the types and varieties which must inevitably find their way into these Old Country shipments.

*By Hon. Mr. Motherwell:*

Q. What varieties are those?—A. From sample No. 289 we have Marquis 56.35 per cent; Early Red Fyfe 7.25 per cent; Common Red Fyfe 1.9 per cent; Kitchener 6.48 per cent; Renfrew 8.39 per cent; Red Bobs 1.52 per cent; Kota 0.30 per cent; Huron 1.9 per cent; Preston 0.38 per cent; Stanley 2.29 per cent; and a group, which we call miscellaneous, consisting of about 19 per cent. That is what we found in this particular lot.

Q. What grade was that?—A. No. 289. I have not the grading here, Mr. Motherwell.

Q. Of what variety were the bearded ones?—A. The bearded ones are Kota, Huron and Preston.

*By Mr. Donnelly:*

Q. What percentage of Kota?—A. 0.38 per cent.

*By Hon. Mr. Motherwell:*

Q. How did it get in there?—A. I do not know. We had those samples collected direct from those shipments in Liverpool and sent back.

[Dr. L. H. Newman.]

Q. Have you tested any samples coming direct from the farmers, in carload lots off the farm? How many varieties have you found in one of those?—A. It depends on where they come from. Sometimes they are not too bad. On some farms I have seen all of those in one field.

Q. Would that be the 1927 crop?—A. Yes. We are making further collections this year, and we have, so far, collections from 74 different cargoes. We brought here, for your examination, some of these samples, showing the way they were graded. Those were obtained at Liverpool. The first one is feed wheat. The next one, No. 6 Manitoba, shipped from New York via the steamer "Celtic." The next, No. 6 Manitoba, shipped from Montreal via the steamer "Doric;" No. 5 Manitoba, shipped from New York via the "Laconia;" No. 5 Northern Manitoba, shipped from Montreal, and so on.

It is rather interesting to note the composition of some of the standard samples as regards varieties. I have here the varieties which we found in the growing test, as that is the only way in which we can determine them by growing them in the field and analysing the varieties. We worked this out botanically, so that one can identify them fairly well with a little practice.

We found in the No. 1 standard sample for 1927, the following: 77 per cent Marquis; 88 per cent Early Red Fyfe; 2.36 per cent Red Fyfe; 2.05 per cent Kitchener; 3.82 per cent Renfrew; 1.76 per cent Red Bobs; 0.58 per cent Kota; 0.58 per cent Huron; 0.29 per cent Preston; 0.29 per cent of a type commonly found in Red Fyfe a few years ago. Those are the varieties that were actually used in making up the No. 1 grade, although, according to the Grain Act, the wheat in No. 1 must be equal in value to Marquis, yet in the actual samples made up these are the varieties that were included.

*By Mr. Donnelly:*

Q. Is that the 1927 standard?—A. That is the 1927 standard. We have not been able, of course, to analyze the varieties of the 1928, as they will have to be grown this year. We will have that for you next year, if you are interested. You have the analyses of grades 2, 3, 4, 5 and 6 similarly worked out. It is rather interesting, I think, to note the varieties that are used in making up these samples.

*By Hon. Mr. Motherwell:*

Q. Are we to assume that Garnet is thought to be less desirable when it is kept out of No. 1 and these others are let in?—A. Presumably that is the inference one would take.

*By Mr. Coote:*

Q. Might it be due to the fact that they could not detect some of these others?—A. It is quite impossible, of course, to decide definitely.

Q. Does the percentage of Marquis in these samples increase or decrease as you get to the lower grades?—A. Well, in No. 1 it was 77 per cent Marquis, and in No. 2, it was 68.7 Marquis; in No. 3, 63.65 per cent; in No. 4 it jumps up to 75 per cent; No. 5, it is 68 per cent, and No. 6, 51 per cent.

This year we have evidence to show that probably these lower grades would contain considerably more Marquis, certainly more than Garnet or Reward, because the thing that put them into the lower grades was frost, chiefly.

Q. What percentage of Garnet was there in No. 2?—A. None. In 1927, it was not out in commercial quantities.

*By Mr. Millar:*

Q. How do you account for the higher percentage of Kota?—A. It was No. 4 to begin with, Mr. Millar, on account of that frost chiefly.

[Dr. L. H. Newman.]

Mr. COOTE: I think it would be a good idea, Mr. Chairman, to have that incorporated in the Minutes. (See appendix hereto.)

The WITNESS: I might say that at the request of the Hon. Mr. Motherwell, who is very much interested in this grading question, we made a physical analysis this fall of all of the grades for the past five years, and obtained some rather interesting data. This work was done at considerable expense, but we thought it would be well worth while doing it, and doing it thoroughly, because the figures here submitted are rather interesting. I had hoped to have this in chart form. I have it divided. I have here the damaged kernels, the white kernels and Durums, and the starchy or piebald. This is rather interesting in indicating pretty nearly what the season was like.

*By Mr. Donnelly:*

Q. These are the standard samples.—A. These are the standard samples for the past five years.

Q. But these are the standards you have here?—A. Yes. We have the grain here. We brought the grain along for 1927 and 1928 of the six grades, in order that you might compare the quality of the samples during the two years that question had come up, as to whether or not the grading was more severe this year than formerly.

Q. Do you think that the standards this year are higher than they were last year?—A. They appear to be.

Q. About how much, would you think?—A. Looking at it all in all, it would appear as though there was about a grade difference between the two.

Q. About a grade difference between the two?—A. It looks that way.

Q. In other words, the standards are about a grade higher this year than they were last?—A. Yes. Now, for this year, the 1928 crop, starting with No. 1 grade I found that the total damage to No. 1 was only 1.21 per cent. That consisted of bran frosted and green kernels. In grade No. 2 the total damage was 3.44 per cent. That was made up of .17 per cent frozen; .33 bran frosted; and 2.84 per cent green; very, very little sprouting. In grade 3 the total damage was 6.40 per cent frozen; 1.62 per cent bran frosted; 2.99 per cent green. In grade No. 4 we jumped from a total damage of 3.77 in grade No. 3 to 26.6 per cent in No. 4. The total damage in this case was made up chiefly of frozen kernels, bran frosted and green. I do not think we have ever in our experience noticed such a high percentage of green or immature kernels as this year. Sometimes in the same head we would find a perfectly green kernel along side a kernel that was quite matured, and that has been taken into account. In grade No. 5 the total damage was 55.4 per cent, made up of 26.5 per cent frozen, 18.48 per cent bran frosted, and 10.34 per cent green. In grade No. 6 the total damage was 67.50 per cent, made up of 22.88 per cent frozen, 23.68 per cent bran frosted, 20.9 per cent green, and practically no sprouting.

In the hard red vitreous kernels, this is something which I think might be considered in connection with any revision that you may contemplate in connection with the grades.

*By Mr. Lucas:*

Q. Have you much trouble in distinguishing between bran frosted and frozen wheat?—A. No, not very much. You have a standard to go by, and with a little practice you are able to tell.

Q. You would have a line though?—A. Yes, but it is rather difficult to define. It is only acquired by a little practice.

*By Mr. Fansher (Last Mountain):*

Q. Would an ordinary country elevator operator acquire that?—A. He should be able to.



Q. Then there would be no difficulty in differentiating in terms between bran frosted and frozen wheat?—A. It might be difficult to define it, but I think in practical application there would not be any serious difficulty.

*By Hon. Mr. Motherwell:*

Q. You have the same question in the Seed Control Act?—A. Yes, the same question. There is a little leeway. In the hard red vitreous kernels, grade No. 1, I will give you the minimum for the first five years. The lowest percentage of hard red vitreous was 94.5 per cent in grade No. 1. In grade No. 2 it was 87.5 per cent. In grade No. 3, it was 87.5 per cent, and in grade No. 4, it was 83.5 per cent.

*By Mr. Donnelly:*

Q. What years were those?—A. This was the lowest percentage of hard red vitreous kernels in any of the five years.

Q. Yes, but what were the years?—A. In grade 1, 1924 was the lowest, and in grade 2, the lowest was also in 1924. In grade 3, the lowest was in 1925; in grade 4, the lowest per cent of hard red kernels was in 1928; in grades 5 and 6 it was in 1925.

What I had in mind was this: the Act, as at present, allows you quite a percentage of piebald kernels, and we find that these piebald kernels, coming as they do very largely out of some of these northern districts where they are still trying to grow Marquis, bring about a good deal of confusion. In the Old Country I found samples containing a good deal of piebald kernels, which were thought by the Old Country people to be mixtures. There are undoubtedly, mixtures of different varieties, yet what appears to be mixtures often are not mixtures. I found quite a number of cases in which these so-called mixtures were nothing less than Marquis grown in a district to which it was not suited.

Mr. DONNELLY: I think it would be well to have that Table printed in our report. (See appendix hereto).

Mr. COOTE: It is certainly very valuable information, Mr. Chairman.

Mr. DONNELLY: It has to do with our standard samples.

The WITNESS: I think you will find that very useful. If you propose to amend the grades at all I think it would be well worth examining.

*By Mr. Coote:*

Q. Were those the standard samples?—A. Yes, standard official samples obtained from Mr. Fraser at Winnipeg. It shows exactly what is in them.

Last year I referred to work that the division had in hand in attempting to zone the three western provinces, that is, to find out in what district certain varieties would do best. We have continued that work during the year. We have been working as far as we could, with the provincial people, who are also very much interested in this same subject, and we have now completed a map which is very interesting. We have some blue prints of this map here, if any of you would be particularly interested in having one of them. This map was prepared in connection with a certain article which I got out recently, intending to show the extension of the wheat-growing area during the past few years. I had this line inserted on this map.

In connection with our distribution of Garnet wheat, starting in 1926, we have been able to obtain some very interesting information direct from farmers, who have been asked to report on the performance of Garnet wheat, and to submit certain other information. On this map, where these circles are (indicating) are districts within which are farmers who have submitted information which we consider of value. The map does not show the actual farms,

[Dr. L. H. Newman.]

but we have been in touch with well over a thousand farmers scattered over the prairie provinces during the past three years, and have obtained from them some very useful information.

We also have working with us about two hundred farmers who have been conducting variety tests on their own farms under normal conditions. These are scattered pretty generally throughout the three prairie provinces. Some of the members of the Committee—Mr. Brown and Mr. Steedsman—attended one or two little field meetings one or two years ago. They were very interesting indeed. It is a very simple arrangement, and we have obtained information of very great value, and we are submitting the information which we have obtained from our branch farms which, as you know, are located at Morden, Brandon, Indian Head, Swift Current, Lethbridge, Lacombe, and up here at Beaver Lodge in the Peace River country, also at Scott and Rosthern.

As a result of all these studies, we have been able to indicate on the map a line north and west of which an earlier maturing variety than Marquis is a distinct advantage. Here in Manitoba, down in this part of the country (indicating), our latest introduction, known as Reward, is making a very good showing. People down there have been at their wits end, as many of you know, to find out what variety to grow during the past few years. They have swung very strongly to the Durums because they find that Durum will make them more money. Many, however, do not like the Durums very well on account of their lateness, and on account of their weakness of straw, making it expensive to harvest, and they have been looking forward to obtaining an earlier wheat, a more desirable wheat of the common bread type, and I am very glad to say that Reward is showing up very, very well here in this zone marked D. Over here (indicating) we have Durums grown very largely, but with the growers keeping their eye on Reward, and some of them very enthusiastic about it. In this big area here (indicating), we have, generally speaking, pretty largely a Marquis area, with some varieties like Garnet and Reward taking quite a prominent place in little islands here and there, for a variety of reasons. Over here (indicating), in the lower part of Alberta, some later varieties—such as Renfrew—are doing very well, Renfrew particularly doing rather well. But up here (indicating), Renfrew is a little too late. In Alberta, west of this line (indicating), you get into the higher altitudes, approaching the foot hills and there we find them going in for Garnet, which has given the best results in the past three years. There Garnet is very, very popular.

I have a letter here from the Superintendent of the farm at Olds, which is typical of many hundreds of letters which we have received during the past year. He says:—

We were pleased to receive your favour re the Reward and Garnet varieties of wheat. I grew some of both of these wheats last season and had very satisfactory results with both. I have no Reward for sale, I had some but sold it early last fall. I have also sold small lots for some fellows in the district who had amounts in excess of their own requirements.

The Reward has done very well but has not yielded so well as Garnet and it is not as early as it either. It also looks to me as though it is susceptible to loose smut. If the Reward can be made to compare with Garnet in yield and disease resistance it is the wheat we need. However, to date it has not done so. Garnet is really a most wonderful wheat in all respects except possibly milling value. I do hope that the present opinion of some of the Canadian millers is based on prejudice rather than fact. From your bulletin on Garnet I had gathered that the old country millers were somewhat favourably impressed with its milling qualities. If they find it satisfactory one would suppose that our millers should also.

[Dr. L. H. Newman.]

The Reward wheat I intend growing in limited area again this year, but I cannot allow it to replace Garnet as my grain crop. I am intensely interested in both these wheats. They are superior to any others for use in Central Alberta and I venture to say that Garnet has added millions of dollars of revenue to areas in Central and Northern Alberta.

It is very interesting to know that Reward is of such outstanding quality and that it varies less under widely different conditions than Marquis. It has in addition to quality an appearance that is superb—even better than Marquis.

Where rust is bad we do not expect Garnet to take a place. It is susceptible to rust, and for that reason, I think undoubtedly Reward is a better wheat for rust districts. Reward has a more definite resistance to rust. In 1927, which was a fairly bad rust year in places, I do not recall a case where Reward went below standard weight per measured bushel. It is a wheat of very high weight per bushel.

Mr. BROWN: It did very well at Morden where rust conditions are very bad.

The WITNESS: It has rust resistance, to some extent. I will not say that it has enough. We are assuming that it has not enough, but in the meantime we do feel that Reward is going to take a very important place. This year it has yielded better than formerly. I was a little afraid that Reward was not going to yield up very well, but this last year, 1928, it has yielded very well indeed in many places. At Scott, for instance, in large triplicate  $\frac{1}{40}$ -acre plots, it headed the list of all varieties, with a weight of 66 pounds per measured bushel. At Lacombe it also beat both Garnet and Marquis in yield. On the present basis of grading, it does not grade as well as Garnet.

We obtained this year samples of Garnet, Reward and Marquis from 41 different farms, those little red spots here (indicating) indicating the location of the farms from which we obtained the samples. We had those assembled at Winnipeg where we had them graded by the Chief Grain Inspector, and of those 41 samples we found 34.5 per cent of Garnet graded No. 1, 22 per cent of Reward graded No. 1, and 9.76 per cent of Marquis graded No. 1, on the same farms. Taking the three top grades, 1, 2 and 3 together, Marquis graded 68.26 per cent; 66 per cent of all Reward samples went into those grades, and 91.5 per cent of all the Garnet went into the three top grades.

That is one respect in which Garnet is showing up remarkably well. It has a very hard vitreous kernel—too hard in fact to suit the millers, some of them think. But it stands adversity remarkably well. It retains its colour, and we feel that if Garnet is going to be acceptable to the Old Country trade, as we hope it may, it is going to be a very valuable wheat in many of these districts.

In this district (indicating), Reward and Garnet are going to have to fight it out for first place.

In Manitoba, I do not think Reward has a serious competitor in Garnet on account of rust, but up here (indicating) it is going to be bushels pretty much, as far as the farmer is concerned, which is going to be the determining factor.

*By Mr. Lucas:*

Q. Reward has been the highest yielder?—A. No, Garnet generally speaking.

*By Mr. Donnelly:*

Q. Do you not think that the variation in grades has had a lot to do with the frost?—A. Yes, although Garnet and Reward mature pretty nearly at the same time. Garnet is about three days earlier, but that made quite a difference this year. Three days is a big difference.

[Dr. L. H. Newman.]



*By Hon. Mr. Motherwell:*

Q. You have some different types of Reward coming along, have you not, Mr. Newman?—A. Yes. We have been going after it very extensively during the past two years in order to get a type that would be more resistant to one or two diseases that Reward may be more or less susceptible to. And we are also trying to get a better type of head. The type of head Reward as now growing is a pretty unattractive looking thing, but it yields better than it looks.

*By Mr. Donnelly:*

Q. Have you any reports of loose smut?—A. Yes. This last year Reward did show a little loose smut for the first time. It was quite a surprise to us. We had not seen loose smut in Reward to any extent before, at least not enough to be attracted by it.

Q. Have you located it as coming from any particular source?—A. Well, it is a little hard to say. We did think that we could trace it pretty much to one station, but that is not quite correct. When we came to look into the thing a little further we found that there was a little bit in some of the others, but nothing very serious.

Q. Has any Reward wheat been exported?—A. No, but I am quite sure it would be very acceptable, because our Canadian millers are very enthusiastic over Reward. There is a distribution going out now. Last year was the first time, 1928. There will be over eight thousand bushels distributed this spring, limited to two bushels per man, and some of the milling companies are the most aggressive in assisting us in placing this wheat, especially in southern Manitoba where they have large interests, and where the rust has been rather serious.

We have some interesting data on the protein question here, especially with regard to Reward, and this is perhaps quite apropos here in view of what has been said in connection with the variation in varieties in that respect. I have here a statement prepared by the Chemical Division showing the proteins of Reward, grown at Beaverlodge, in the Peace River District. Grain cut on the second of August, 1928, the fourth of August and the sixth of August graded No. 3. That cut on the eighth of August and the tenth of August graded No. 2, and from then on to the twenty-fourth, the last cut, they all graded No. 1. The proteins started off with 15 per cent, and they went up gradually, ending in 16.13 per cent, that is on the basis of 13.5 per cent moisture. That is rather a high percentage of protein for a wheat in any district, and augurs well for the future of that great new country which heretofore has not been thought capable of producing wheat with as high a quality of protein as some other districts. This was grown at Beaverlodge in the Peace River country. It is certainly standing the test so far as protein is concerned.

*By Mr. Coote:*

Q. Is the protein higher in No. 1 than in No. 3?—A. It is a little higher in No. 1. In No. 3 it went to 16.28 per cent. In No. 2 it went to 16.43 per cent, and in No. 1, to 16.97 per cent. The maximum was in the No. 1. The wheat was a little immature on the second of August, but by the tenth it was pretty nearly mature, and from then on it would be quite mature.

Q. Were there green kernels in the No. 3, or do you remember that from looking at the samples?—A. No, I do not.

*By Hon. Mr. Motherwell:*

Q. Was Reward ripe in the Peace River this last year on the tenth of August?—A. No, not ripe on the tenth, but it would be ripe about the eighteenth, or along there. This wheat would be in the stook about the time the first frost came along.

[Dr. L. H. Newman.]

I have some data from the different farms, which is rather interesting, especially in showing how constantly high is the percentage of protein in Reward, under different conditions. In a certain district in Manitoba, which has not been noted for its high quality of wheat, we found there Reward going 14.9 per cent protein as against 11.89 per cent of Marquis, and producing a very fine sample which would grade No. 2. I will not go over all of these. Here is one at Dauphin where Reward went 16.02 per cent, as against 15.4 per cent of Marquis, a pretty good test for that particular district.

*By an Hon. Member:*

Q. How did it go at Souris?—A. I do not think we have Souris here. We have Brandon. This is not for 1928. This particular sheet is for 1926. At Brandon it went 16.15 per cent while Marquis went 15.74 per cent. There would not be a great deal of difference between Brandon and Souris. But on the average, Reward is running pretty nearly  $1\frac{1}{2}$  per cent higher than Marquis in protein, and of the best quality.

*By Hon. Mr. Motherwell:*

Q. If Reward and Garnet were averaged, would they be about equal to Marquis?—A. Yes, I think so.

Q. I mean in protein?—A. Yes, probably it would come very close, although occasionally you will find even Garnet in some districts going up. But, as a rule, Reward has a good lead over the other two.

*By Mr. Brown:*

Q. Garnet is a little lower than that?—A. Slightly.

Q. Is there any difference in the quality?—A. All are of good quality. This grading was done at our request. They ignored the discrimination. We asked them especially to ignore that and grade all on their appearance.

In communication recently with the Liverpool Corn Trade Exchange, I had opportunity to inquire how our wheat was standing up this year in comparison with other years. I might say that they have been co-operating with us very wholeheartedly in supplying material for growing tests. I have a letter here from Mr. Urquhart which reads as follows:—

With regard to the first question which you put to us, as far as the grading is concerned, this season's shipments, that is crop 1928, up to the present have been a great improvement upon recent years, and have given general satisfaction both to merchants and millers. My directors consider you will find this is reflected in the prices which have been realized, especially for the lower grades.

I asked him in my letter if he could suggest anything which we might do in our division to help to maintain the high quality of our wheat in Canada.

*By Mr. Donnelly:*

Q. What was the first question?—A. I asked him how our wheat was standing up this year in comparison with other years, and the second question was, what could we do that we were not doing. The letter continues:—

As far as the question raised in the last paragraph of your letter is concerned, we strongly repeat the advice previously given, that the Canadian farmers should concentrate upon growing strong, hard, red wheat of high protein content. If they introduce wheats of weaker variety, they will suffer materially in the prices realized.

I have not heard anything about mixtures of varieties particularly this year, and that brings out a rather interesting situation, that in a bad year

[Dr. L. H. Newman.]

certain varieties will show up worse in the mixture than in the good year; that is, certain varieties will bleach out much more readily and will present, as a result, a very mottled appearance to the sample. But this year, a good year, I have heard nothing whatever about mixtures. We must watch for them, but it is rather interesting to know that this year we are not criticized on account of mixtures. As a matter of fact, our wheat seems to be very, very acceptable on all points, which is a matter of considerable satisfaction.

Probably I have gone rather roughly and hurriedly over some of those points which I thought might be of interest to the Committee. I have tried to keep away from things which perhaps I would sooner talk on, and to talk on things which I know are uppermost in your minds.

*By Mr. Donnelly:*

Q. Was the spring wheat damaged in the Peace River district this year by frost?—A. Not appreciably, not very much.

*By Mr. Fansher (Last Mountain):*

Q. In connection with the growing tests that you made of overseas shipments, did you find any American wheat in the mixtures in Canadian cargoes?—A. No. We found no wheats in these cargoes coming through New York that were not commonly grown in Canada.

*By Mr. Millar:*

Q. They might have been grown in the United States?—A. Yes, because Marquis is the largest spring wheat variety grown in the States, more extensively than any of the others.

*By Mr. Donnelly:*

Q. Mr. Urquhart says that the Liverpool Corn Exchange is satisfied. Do you not think that that may be due to the higher standard set for our wheat this year?—A. Possibly so.

Q. And when Dr. Birchard says that he gets more flour from the different grades, and better loaves of bread from the different grades of wheat this year, do you not think that that is particularly due to the higher standards?—A. Undoubtedly. We have baked a good many hundred loaves this fall, in connection with completing this map, from all over the west, and our results coincide very closely with those given you by Dr. Birchard regarding the 1928 crop.

*By Mr. Coote:*

Q. You have had considerable experience in meeting these millers in the Old Country. Do you think it highly desirable that our grading system should be made as uniform as is humanly possible?—A. I certainly do.

*By Mr. Donnelly:*

Q. Were you in the Old Country this year, Mr. Newman?—A. No.

*By Hon. Mr. Motherwell:*

Q. Mr. Newman, there has been some criticism of your division in sending out wheat which required treatment of a special nature by the farmers, sending out, say, Reward wheat, which required this hot water treatment. Will you tell the Committee why it is not practical to do it before you send it out?—A. We explained to all this year in a letter, quite fully, that the Reward we were sending out this year might have a little, perhaps, say, 3 to 4 per cent of loose smut, and that it could not be treated safely before it was sent out. We told them very frankly, so that they could decide whether or not they would

[Dr. L. H. Newman.]



be prepared to take a chance, in order to make the test, or whether they would not do so. We explained that it is very difficult to treat this wheat with this hot water treatment and hold it for any length of time. The treatment consists of soaking it for about four hours in water of ordinary temperature, and then soaking it for about ten minutes in water of a very much higher temperature. Then it has to be spread out, so as to be dried very, very quickly, and we explained to the farmers that it would be safer for them to treat the small quantity (2 bushels) they were getting themselves.

Q. It was felt that if you gave it the necessary treatment two months in advance it would destroy its germination?—A. Germination would fall away.

Q. In other words, you think it would go right into the ground when it is treated that way?—A. Yes.

*By an hon. Member:*

Q. The ordinary bluestone treatment is not very effective, is it?—A. No. The hot water treatment is more effective for loose smut. Indeed, the hot water treatment is effective for both loose smut and for stinking smut. The latter is the one that is treated with bluestone or with formalin.

*By Mr. Brown:*

Q. The hot water treatment is a pretty cumbersome one for the farmers?—A. It is, but with a couple of bushels, it is not. We are treating all our own Reward on our own branch farms this year, in that way.

Q. In sending out those instructions, you have stressed the necessity of this particular treatment?—A. Yes. We sent them a little pamphlet explaining the treatment. We did not want to send out a lot of seed that would not grow, or that might be killed in germination before it got into the ground. After consulting with people who are supposed to know a lot of these things we decided that this would be the better course to take.

*By Mr. Fansher (Last Mountain):*

Q. Do you find that it is susceptible to smut?—A. You mean the Reward?

Q. Any of them?—A. Not very much. We have not found loose smut heretofore of any consequence.

*By Mr. Lucas:*

Q. Would it be practical to treat wheat in large quantities with that hot water treatment?—A. If you had a proper drying device you could do that. You have to dry the moisture off in a few minutes, otherwise the grain might start to grow. Or if there is a drop in temperature, and if there is a high percentage of moisture in the grain you may lose the latter by freezing. There are special devices for drying grain in quantity and I understand that likely there will be one established in the west to look after situations of this kind if they should arise. It is desirable that there should be such a device.

*By Mr. Lucas:*

Q. That would mean a central treating plant?—A. A central point where it could be treated and dried quickly.

*By Mr. Fansher (Last Mountain):*

Q. I have not noticed any loose smut, or any stinking smut, and I have only treated once in eight years.—A. The old Red Fyfe was very susceptible, but Marquis has considerable resistance to the stinking smut. In old Red Fyfe, if you had not treated it, you would likely have noticed a good deal of this smut.

*By Mr. Millar:*

Q. Would you care to discuss the new variety of wheat that was semi-officially announced from the Agricultural College of Saskatoon, last fall, a wheat that was supposed to revolutionize grain growing?—A. Which was that, Mr. Millar?

Q. I have not got the name of it.

Hon. Mr. MOTHERWELL: That was a reporter's variety.

The WITNESS: I cannot say. I know of a couple that were mentioned there, that are possibly being introduced.

We have quite a number of samples here, gentlemen, if you care to look over them.

Dr. BIRCHARD: I would like permission to prepare and file a statement with regard to the loaves which have been exhibited, so that it will appear in the record. Will that be all right? (See appendix).

The CHAIRMAN: Very well.

*By Mr. Millar:*

Q. I would like to ask if Mr. Birchard and Mr. Aitken have issued reports, and where those can be obtained, regarding the variation and quality of protein.

Dr. BIRCHARD: No, we have not conducted any investigations that would cover that point. The only way that we could do it would be by making tests. We would not have suitable samples for that purpose. I do not know how we could obtain that.

The witness retired.

The Committee adjourned until Thursday, March 21, at 11 a.m.

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P.C. 807.

# PRIVY COUNCIL CANADA

## AT THE GOVERNMENT HOUSE AT OTTAWA

WEDNESDAY, the 4th day of May, 1927.

PRESENT

## HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

His Excellency the Governor General in Council, on the recommendation of the Minister of Trade and Commerce, and upon the advice of the Board of Grain Commissioners for Canada, is pleased, pursuant to subsection 3 of section 170, Chapter 33, 15-16 George V, an Act entitled "The Canada Grain Act," and the amendments to subsection 2 of section 150 of the said Act passed at the last session of Parliament, to order and it is hereby ordered that the attached forms of Graded Storage Receipt Tickets entitled "B" and "B1" and Storage Receipt for Special Binned Grain Tickets, entitled "C" respectively, to be used by country elevators in the Western Grain Inspection Division, shall be substituted for the Graded Storage Receipt Tickets entitled "B" and "B1" and Storage Receipt for Special Binned Grain Tickets entitled "C" as printed in the first schedule to the said Act.

(Sgd) E. J. LEMAIRE,  
*Clerk of the Privy Council.*

The Honourable,  
the Minister of Trade and Commerce.

Certified True Copy

F. C. T. O'HARA,  
*Deputy Minister of Trade and Commerce.*

GRADED STORAGE RECEIPT

(Sec. 148)

SCALE RECORD

Gross Weight. . . . .Lbs.  
Wagon Weight. . . . .Lbs.  
Grain unloaded. . . . .Lbs.  
Shrinkage Allowance. . . . .Lbs.  
Gross Grain Weight. . . . .Lbs.

No. ....

.....Elevator (or Warehouse).

(Date).

Received into store from.....bushels.....pounds  
(net).....(grade).....(kind of grain).....  
to be stored and insured against loss by fire under the following conditions:—

The charge for receiving, cleaning, insuring against loss by fire, handling,  
storing fifteen days and shipping grain is.....cents per bushel. (It is  
provided by law that this charge shall not exceed.....of a cent per bushel).

Upon the return of this receipt, and upon payment or tender of payment  
of all lawful charges for receiving, storing, insuring, delivering, or otherwise  
handling such grain, which may accrue up to the time of the return of this  
receipt, the grain is deliverable to the person on whose account it has been  
taken into store, or to his order, from the country elevator where it was received  
for storage, or, if he so desires, in quantities not less than carload lots, on track  
at any terminal elevator in the Western Inspection Division or at a proper  
terminal elevator at or adjacent to Duluth, so soon as the transportation com-  
pany delivers the same at such terminal, and the certificate of grade and weight  
is returned, subject to freight, weighing and inspection charges at such terminal  
point, the grade and weight of such grain to be delivered to be such as will  
conform to the grade and to the weight first above mentioned, on Government  
inspection and weighing thereof at such terminal point.

Gross Grain Weight.....bushels.....pounds  
Dockage .....bushels.....pounds  
Net Weight .....bushels.....pounds  
(Net Weight in words)

By.....  
Agent.

As amended by Order in Council  
P.C.....of.....1927,  
under Section 170.



GRADED STORAGE RECEIPT

SUBJECT TO INSPECTOR'S GRADE AND DOCKAGE

*This is not a Special Bin Ticket*

(Sec. 165.)

SCALE RECORD

Gross Weight. . . . .Lbs.  
 Wagon Weight. . . . .Lbs.  
 Grain unloaded. . . . .Lbs.  
 Shrinkage Allowance. . . . .Lbs.  
 Gross Grain Weight. . . . .Lbs.

No. ....

.....Elevator (or Warehouse).

(Date)

Received into store from.....bushels  
 .....pounds (gross).....(grade).....  
 (kind of grain) subject to inspector's grade and dockage..... to  
 be stored and insured against loss by fire under the following conditions:

The charge for receiving, cleaning, insuring against loss by fire, handling,  
 storing fifteen days and shipping grain is.....cents per bushel. (It  
 is provided by law that this charge shall not exceed.....cents per bushel.)

Each succeeding thirty days or part thereof is..... of a cent per  
 bushel, including insurance against loss by fire. (It is provided by law that this  
 charge shall not exceed.....of a cent per bushel.)

Upon the return of this receipt, and upon payment or tender of payment of  
 all lawful charges for receiving, storing, insuring, delivering or otherwise hand-  
 ling such grain, which may accrue up to the time of the return of this receipt,  
 the above quantity of the grade of grain determined by the inspector is deliver-  
 able to the person on whose account it has been taken into store, or to his order,  
 from the country elevator where it was received for storage, or, if he so desires,  
 in quantities not less than carload lots, on track at any terminal elevator in the  
 Western Inspection Division or at a proper terminal elevator at or adjacent  
 to Duluth, so soon as the transportation company delivers the same at such  
 terminal, and the certificate of grade and weight is returned, subject to freight,  
 weighing and inspection charges at such terminal point, the grade and weight  
 of such grain to be delivered to be such as will conform to the grade determined  
 by the inspector and to the weight first mentioned, on Government inspection  
 and weighing thereof at such terminal point.

Gross Grain Weight. . . . .bushels.....pounds  
 Dockage. . . . .bushels.....pounds  
 Net weight. . . . .bushels.....pounds  
 (Net weight in words.)

By.....

Agent.

As amended by Order in Council  
 P.C.....of.....1927,  
 under Section 170.

STORAGE RECEIPT FOR SPECIAL BINNED GRAIN

(Sec. 148.)

SCALE RECORD

Gross Weight.. . . .Lbs.  
Wagon Weight.. . . .Lbs.  
Grain unloaded.. . . .Lbs.  
Shrinkage Allowance.. . . .Lbs.  
Gross Grain Weight.. . . .Lbs.

No. .... Elevator (or Warehouse).  
(Date)

Received into store from.....bushels  
.....pounds (gross).....(kind of grain).....  
Bin No.....to be stored and insured against loss by fire under the  
following conditions:

The charge for receiving, cleaning, insuring against loss by fire, handling,  
storing fifteen days and shipping grain is.....cents per bushel. (It  
is provided by law that this charge shall not exceed.....cents per bushel.)  
Each succeeding thirty days or part thereof is..... of a cent per  
bushel, including insurance against loss by fire. (It is provided by law that this  
charge shall not exceed.....of a cent per bushel.)

Upon the return of this receipt, and upon payment or tender of payment of  
all lawful charges for receiving, storing, insuring, delivering or otherwise hand-  
ling such grain, which may accrue up to the time of the return of this receipt,  
the identical grain so received into store is deliverable to the person on whose  
account it has been taken into store, or to his order, from the country elevator  
where it was received for storage, or, if he so desires, in quantities not less than  
carload lots, on track at any terminal elevator in the Western Inspection  
Division or at a proper terminal elevator at or adjacent to Duluth, so soon as  
the transportation company delivers the same at such terminal, and the certifi-  
cate of grade and weight is returned, subject to freight, weighing and inspection  
charges at such terminal point. It is guaranteed that the weight of such grain  
to be delivered will conform to the weight first above mentioned, on Govern-  
ment weighing thereof at terminal point.

By.....  
Agent.

As amended by Order in Council  
P.C.....of.....1927,  
under Section 170.

FILED BY WITNESS, L. H. NEWMAN

PHYSICAL EXAMINATION OF STANDARD GRADE

OFFICIAL SAMPLES RECEIVED FROM WESTERN GRAIN INSPECTION DIVISION, WINNIPEG, MAN

Cereal Division C.E.F., Ottawa, January, 1929.

Crop year	Grade	Weight per bushel	Foreign material	Shrunken and broken	White (not durum)	White (durum)	Starchy and piebald	Badly bleached	Damaged				Sound hard red kernels	
									Spouted	Green	Bran frosted	Frozen		Total damaged
		lbs.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.
1928	Man. 1 N.	63.4	0.79	4.04	0.21	0.0	6.82	1.31	0.13	0.82	0.26	0.0	1.21	90.33
1927		61.6	0.36	2.25	0.29	0.0	4.60	1.80	0.04	0.46	0.0	0.0	0.50	92.80
1926		62.1	0.79	3.41	0.29	0.0	2.98	5.03	0.0	0.63	0.0	0.0	0.63	91.08
1925		63.1	0.32	2.36	0.21	0.12	3.10	3.71	0.0	0.40	0.08	0.0	0.48	92.44
1924		64.0	0.36	2.50	0.13	0.0	3.80	7.06	0.0	0.21	2.13	0.0	2.34	86.68
Average		62.8	0.52	2.92	0.22	0.02	4.26	3.78	0.03	0.50	0.49	0.0	1.02	90.66
1928	Man. 2 N.	61.8	0.64	3.25	0.08	0.0	6.68	3.09	0.10	2.84	0.33	0.17	3.44	86.59
1927		60.3	0.21	5.14	0.58	0.0	7.15	4.49	0.21	0.66	0.0	0.0	0.87	86.91
1926		61.0	0.49	4.06	0.50	0.0	6.95	3.47	0.13	1.05	0.0	0.0	1.18	87.92
1925		62.4	0.43	3.21	0.29	0.0	5.55	8.89	0.0	0.84	0.04	0.0	0.88	84.39
1924		62.5	0.46	3.11	0.58	0.13	6.77	15.25	0.0	0.50	0.92	0.29	1.71	75.72
Average		61.6	0.44	3.75	0.40	0.02	6.62	7.03	0.08	1.17	0.25	0.09	1.59	84.31
1928	Man. 3 N.	61.4	0.93	4.75	0.25	0.0	12.92	3.21	0.0	1.79	2.99	1.62	6.40	76.93
1927		59.0	0.17	6.86	0.04	1.34	5.76	9.84	0.28	1.73	0.0	0.0	2.01	81.00
1926		59.9	1.04	4.68	0.25	0.0	10.63	7.84	2.34	1.33	0.08	0.0	3.75	77.53
1925		61.8	0.71	3.82	0.42	0.08	12.65	20.28	0.0	1.05	0.17	0.0	1.22	65.35
1924		62.0	0.61	2.71	0.34	0.13	10.60	13.39	0.0	2.34	2.09	1.17	5.60	69.61
Average		60.8	0.69	4.56	0.26	0.31	10.51	10.91	0.52	1.64	1.06	0.55	3.77	74.08

“Damaged” equals sum of sprouted, green, bran frosted and frozen kernel percentages.

Above separations made on 20 gms. in triplicate after foreign material and shrunken and broken kernels removed. Results calculated by weight.

Separation made from 70 gms. of material calculated by weight.

"Damaged" equals sum of sprouted, green, bran frosted and frozen kernel percentages.

Separation made from 70 gms. of material calculated by weight.

Above separations made on 20 gms. in triplicate after foreign material and shrunken and broken kernels removed. Results calculated by weight.



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REWARD WHEAT—EXPERIMENTAL STATION, BEAVERLODGE, ALTA.—CROP 1928  
DATE OF CUTTING EXPERIMENT

Lab'y.	No. of Cutting	Date of Cutting	Grade	Weight of 1,000 kernels	Moisture	Protein (N. x 5.7)		Ash	
						13.5% Moisture	Dry Matter Basis	13.5% Moisture	Dry Matter Basis
96994	1st	2-8-28	No. 3 Northern	28.57	p.c.	p.c.	p.c.	p.c.	p.c.
95	2nd	4-8-28	No. 3	28.43	9.68	15.03	17.38	1.45	1.67
96	3rd	6-8-28	No. 3	30.29	7.98	15.02	17.36	1.34	1.55
97	4th	8-8-28	No. 2	30.96	9.53	16.28	18.81	1.30	1.51
98	5th	10-8-28	No. 2	30.78	8.67	16.43	18.99	1.17	1.35
99	6th	12-8-28	No. 1	31.60	8.78	15.94	18.43	1.21	1.40
7000	7th	14-8-28	No. 1	28.91	8.56	16.97	19.63	1.36	1.58
01	8th	16-8-28	No. 1	30.22	9.12	15.35	17.74	1.24	1.43
02	9th	18-8-28	No. 1	29.68	8.34	15.53	17.96	1.22	1.41
03	10th	20-8-28	No. 1	28.47	7.98	16.97	19.63	1.33	1.54
04	11th	22-8-28	No. 1	28.76	7.76	16.77	19.38	1.38	1.60
05	12th	24-8-28	No. 1	29.34	9.24	16.13	18.64	1.75	2.03
								1.24	1.43

Chemical Laboratories, Central Experimental Farm.  
March 15, 1929.

Dominion Chemist.

MINIMUM QUALITY OF THE DIFFERENT GRADES SINCE, AND INCLUDING 1924

Grade	Unsound					% Red Wheat	% Red Vitreous Wheat	% Badly Bleached	Minimum weight per bush.
	% Slightly frosted	% Severely frosted	% Sprouted	% Immature	Total				
1	2.0	1.5	1.5	0	5.0	98.5	94.5	7.0	61.6
2	3.5	1.5	0.0	0.5	5.5	98.0	87.5	20.0	60.3
3	5.5	1.5	3.0	1.5	11.5	98.5	87.5	28.5	59.0
4	11.0	12.0	3.0	4.5	30.5	98.0	83.5	24.0	56.7
5	15.0	18.5	4.0	18.5	53.0	98.5	93.5	22.0	55.4
6	12.5	45.5	0.5	12.0	70.5	97.5	98.0	12.0	51.5

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VARIETIES FOUND IN THE STANDARD WHEAT GRADES WITH PERCENTAGE OF EACH FOUND

1926 CROP

	Grade					
	1N	2N	3N	4	5	6
Marquis.....	66.01	72.02	62.75			
Early Red Fife.....	1.96	0.89	2.34			
Red Fife.....		1.48	5.03			
Kitchener.....	5.25	3.86	4.68			
Renfrew.....	3.59		3.02			
Ruby.....	1.96					
Red Bobs.....	0.65	0.29	1.34			
Kota.....	1.63	0.59	1.34			
Huron.....	0.98	1.48	1.34			
Mindum.....						
Preston.....						
Stanley.....		0.59				
Type IC.....	5.22	1.48	2.34			
Type VII.....	0.326					
Miscellaneous.....	12.41	16.96	15.76			
Oats.....		0.29				

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VARIETIES FOUND IN THE STANDARD WHEAT GRADES WITH PERCENTAGE OF EACH FOUND

1927 CROP

	Grade					
	1N	2N	3N	4	5	6
Marquis.....	77.05	68.73	53.65	75.16	68.4	51.03
Early Red Fife.....	0.88		5.79	0.96	0.70	10.78
Red Fife.....	2.36	3.09	3.96	1.93	1.41	3.73
Kitchener.....	2.05	2.54	1.82		2.48	3.73
Renfrew.....	3.82	3.66	0.91	0.32	1.77	
Ruby.....		1.40	12.50			
Red Bobs.....	1.76		6.70		0.70	9.12
Kota.....	0.58	0.57	0.91	0.64	0.70	1.24
Huron.....	0.58	1.40	1.82	1.93	1.06	0.41
Mindum.....			0.30		0.70	1.24
Preston.....	0.29					0.41
Stanley.....		0.28	0.30	0.64		
Type IC.....	0.29	5.39		3.22	4.60	7.06
Type VII.....						
Miscellaneous.....	10.29	12.96	9.44	14.53	17.37	11.20
Oats.....			0.30	0.32		
Garnet.....			1.52			

FILED BY WITNESS, F. J. BIRCHARD

REPORT OF THE MILLING AND BAKING CHARACTERISTICS  
OF THE 1928-29 CROP

BY F. J. BIRCHARD AND T. R. AITKEN

Milling and Baking test conducted on the 1928-29 crop in the Dominion Grain Research Laboratory of the Board of Grain Commissioners, Winnipeg, indicate that on the whole both the milling and baking quality, grade for grade, is distinctly superior to that of last year. The results are based on the Standard samples as set by the Grain Standards Board on October 9th and on average samples secured from the office of the Chief Inspector the day following. These averages are composed of wheat from all the three Western Provinces and may be considered as fairly representative of the whole crop.

The milling and baking data for the two series is set forth in the following tables:—

October 15, 1928

COMPARATIVE MILLING AND BAKING QUALITY OF THE 1928-29 STANDARD SAMPLES  
AND WINNIPEG AVERAGES

TABLE OF CHEMICAL, PHYSICAL AND MILLING RESULTS  
Standard Samples—Oct. 9, 1928

Grade	Weight per Bush.	Protein		Description	Flour Yield			Colour of Flour
		Wheat	Flour		Patent	Break	Total	
	Lbs.	%	%		%	%	%	
1 Nor.....	64	12·80	11·55	Sound, normal and hard red wheat.	63·4	7·3	70·7	Cream.
2 Nor.....	63	12·75	11·40	Sound, normal wheat with an occasional bran-frosted kernel and a few starchy kernels.	62·7	7·3	70·0	Cream Yellow.
3 Nor.....	62½	12·40	11·49	A few bran-frosted and a few starchy kernels, and an occasional green kernel.	61·9	7·8	69·7	Cream Yellow.
No. 4.....	62½	12·70	11·54	Many bran-frosted and frozen a few green and immature and a few starchy kernels.	61·2	7·1	68·3	Cream Yellow.
No. 5.....	61½	12·60	11·60	Plump kernels. Many only bran-frosted, a few more heavily frosted and many immature kernels.	61·2	5·4	66·6	Greyish.
No. 6.....	61	12·20	11·44	Very similar to No. 5 but heavier frost and more immature.	60·2	3·4	63·6	Grey.

Winnipeg Averages—Oct. 10, 1928

1 Nor.....	64½	13·42	11·70	Sound, normal, hard, red wheat.	63·8	7·4	71·2	Cream.
2 Nor.....	64½	12·94	11·80	Similar to Std. 2 Nor.....	63·7	7·6	71·3	Cream Yellow.
3 Nor.....	63½	12·23	11·45	Similar to Std. 3 Nor.....	61·9	7·8	69·7	Cream Yellow.
No. 4.....	63½	12·29	11·33	Similar to Std. No. 4 but frost damage not quite so severe.	61·9	6·6	68·5	Cream Yellow.
No. 5.....	62½	12·42	11·45	Similar to Std. No. 5 but fewer green and immature kernels.	61·9	5·2	67·1	Greyish.
No. 6.....	61½	12·33	10·88	Fairly plump kernels. Similar to Std. No. 6, in other respects.	59·9	3·6	63·5	Greyish.



TABLE OF BAKING RESULTS  
Standard Samples—October 9th, 1928

Grade	Absorption	Loaf Vol.	Texture	Crumb Colour	Oven Spring	General Appearance
	%	cc.				
1 Nor.....	62.9	2,410	Good.....	Cream.....	61	Excellent.
2 Nor.....	62.2	2,430	Good.....	Cream Yellow.....	61	Excellent.
3 Nor.....	61.7	2,340	Good.....	Cream Yellow.....	61	Excellent.
No. 4.....	63.6	2,470	Good.....	Cream.....	69	Good.
No. 5.....	65.7	2,400	Good minus.	Cream Yellow.....	61	Excellent.
No. 6.....	69.6	2,290	Open.....	Greyish Yellow.....	66	Very good.

Winnipeg Averages—October 10th, 1928

1 Nor.....	63.0	2,555	Good.....	Cream White.....	66	Excellent.
2 Nor.....	63.0	2,580	Good.....	Cream White.....	64	Excellent.
3 Nor.....	63.2	2,460	Good.....	Cream White.....	62	Excellent.
No. 4.....	64.4	2,410	Good minus.	Cream.....	69	Excellent.
No. 5.....	65.6	2,325	Good minus.	Cream.....	69	Very good.
No. 6.....	69.0	2,350	Very slightly open.	Greyish Yellow.....	69	Excellent.

# CONCLUSIONS

Special attention should be called to the following:

(1) The moisture content of all grades is low in strong contrast to last year. To date very little tough (about 1 per cent) and no damp grain has appeared on the market.

(2) The weight per bushel of each grade is higher than that of last year. This is particularly true in the case of the lower grades. The milling yield from the lower grades, as compared with the higher, is much greater than was found to be the case with the 1927 crop. This is in accordance with the greatly increased weights per bushel, which amounts to as much as 4½ pounds in the case of No. 4, 4½ pounds in the case of No. 5, and 1½ pounds in the case of No. 6.

(3) The protein content of the wheat is higher in each grade, but that of the patent flour from the corresponding grades is very nearly the same in each case as was found last year. It should also be noted that the quality of the protein—particularly that of the lower grades—is superior to that of last year.

(4) The absorption of the flour of each grade is very slightly less than that of last year with the exception of No. 6 which this year is abnormally high—68-69 per cent.

(5) The baking quality of the flour from each grade, as indicated by the loaf volume, is decidedly superior to that of last year. In this connection it should be particularly noted that the oven-spring of the bread—which is an indication of the strength—is practically the same in the lower as in the higher grades. This is a most unusual characteristic of the lower grades which has not been previously observed in this Laboratory in any other year. The colour of both the flour and of the bread in the first four grades is cream or cream yellow, very similar to that of last year, and while that of the flour from No. 5 and No. 6 is greyish, that of the bread is a dull cream yellow as compared with very yellow of the 1927 crop and dark grey of the 1926 crop. In this connection it should be particularly noticed that this year the difference observed in the colour of the bread from the different grades is very slight.

The high milling and baking quality of the commercial grades of this year's crop should probably be attributed to:—(1) the fact that all the lower grades contain a considerable percentage of hard, plump, sound wheat: (2) the fact that the frost damage occurred after the wheat was nearly matured so that the damage is not nearly so great as would be the case when the grain is at an earlier stage of maturity; (3) the very favourable conditions under which most of the wheat was harvested, thus permitting the grain to mature normally. Consequently, although the grain in appearance is outwardly more or less severely damaged, the actual lowering in value is very much less than its appearance would indicate.

Similar tests conducted on average cargo samples out of Fort William fully confirm in every particular the conclusions as stated above.

PRICES AND SPREADS

Grade	Pool initial price	Pool fixed spread	Winnipeg average cash price Aug. 1- Nov. 13	Weekly Average Spreads (Winnipeg)												Average spread Aug. 1- Nov. 13	Average spread 1927 crop
				Week of September				Week of October				Week of November					
				4	10	17	24	1	8	15	22	29	5	13			
1.....	cts.	cts.	\$	c.	c.	c.	c.	c.	c.	c.	c.	c.	cts.	cts.			
2.....	85	.....	1 20.3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....			
3.....	82	.....	1 15.2	2½	2	6½	7½	6½	6½	7½	7½	6	5	6½	7½		
4.....	77	.....	1 09.0	9	8	11	11½	13½	13½	13	13	11	10	11½	17		
5.....	67	.....	1 02.6	13	13	17½	18	21	21	22½	22	19	17½	17½	27½		
6.....	62	.....	0 92.4	19½	21	25½	27½	30	31½	33½	33	32	30½	31½	41		
Feed.....	57	.....	0 83.4	27½	29	33½	34	36	43	45½	44	43	42	43½	49½		
Feed.....	47	.....	0 77.0	34½	36	40½	41½	45½	59½	50½	49½	47	45½	48½	57		



## FILED BY WITNESS F. J. BIRCHARD

LOAVES EXHIBITED TO THE COMMITTEE ON AGRICULTURE, OTTAWA, ONT.,  
MARCH 19 AND 20, 1929

## FIRST SERIES

*Baking Quality of Flour from Winnipeg Averages Grades One Northern to No. Six*

Six loaves baked from Winnipeg Average samples of the Grades One Northern to No. Six inclusive. Each sample milled to a straight grade flour. Flour yields as shown in the appendix.

*These loaves demonstrated the fact that when milled to the flour percentages indicated, all the grades from One Northern to No. Six produced bread of normal loaf volume and texture, although the crumb colour of the loaves from Nos. Five and Six was greyish yellow, and for this reason, considered inferior.*

## SECOND SERIES

*Baking Quality of the first Grade Flour from Grades Nos. Five and Six, compared with Straight Grade Flour from Average One Northern*

Loaf baked from a mixture of equal parts of the first grade flour from Average Grades Nos. Five and Six.

The loaf was considered equal in every respect to that produced from the straight grade flour from Average Two Northern wheat.

*From these tests, it was concluded that Grades Nos. Five and Six, when milled to the percentages indicated, produced flour equal to the straight grade flour from the higher grades of wheat.*

## THIRD SERIES

*Baking Quality of the second Grade Flour from Grades Nos. Five and Six*

Loaf baked from a mixture of equal parts of the flour which remained after the removal of the first grade flour produced from Grades Average No. Five and Average No. Six. This flour would be known commercially as a first clear flour, and is naturally inferior to the straight grade.

The loaf was considered fully equal in every respect to that produced from a commercial flour, milled for export to the Orient.

*From this it was concluded that the flour from Grades Nos. Five and Six, which remained after removal of the best portion as indicated in the second series, compared very favourably with commercial flour as exported to the Orient.*

FOURTH SERIES

*Influence of the Addition of Various Percentages of Straight Grade Flour from Grades Nos. Five and Six on the Baking Quality of Straight Grade Flour from Average One Northern*

*First loaf* baked from a mixture of equal parts of straight grade flour from Average No. Five, and of straight grade flour from Average One Northern.

Loaf found equal in volume and texture, but slightly inferior in crumb colour to that produced from the straight Grade Average One Northern.

*Second loaf* baked from a mixture of equal parts of straight grade flour from Average No. Six, and of straight grade flour from Average One Northern.

Loaf equal in volume, but inferior in colour and texture to that produced from the straight grade flour from Average One Northern.

*Third loaf* baked from a mixture of flour composed of one part straight grade flour from Average One Northern, and three parts straight grade flour from Average No. Six.

Loaf equal in volume, but inferior in crumb, colour and texture to that produced from the straight grade Average One Northern.

*From this series it was concluded that the flour from Grades Nos. Five and Six can be used to advantage for blending with the flour from the higher grades.*

*The percentage used in each case would be largely dependent upon the relative importance attributed to the colour factor.*

*It should be noted that previous tests have demonstrated that twenty-five per cent of flour from No. Five or No. Six can be used in this manner without any noticeable injurious effect whatever.*

FIFTH SERIES

*Influence of the addition of various Percentages of Straight Grade Flour from Grades Three Northern to No. Six, on the Baking Quality of low Protein Soft Wheat Flour*

*First loaf* baked from low protein soft wheat flour.

Loaf volume, crumb, colour and texture decidedly inferior to that produced from the straight flour from Average One Northern.

*Second loaf* baked from a mixture of equal parts of flour from low protein soft wheat, and straight grade flour from Average Three Northern.

Loaf superior in volume, texture and crumb colour to that produced from the straight grade flour from Average One Northern.

*Third loaf* baked from a mixture of equal parts of flour from low protein soft wheat, and straight grade flour from Winnipeg Average No. Four.

Loaf volume greater, and crumb colour and texture equal to that produced from the straight grade flour from Average One Northern.

*Fourth loaf* baked from a mixture of equal parts of flour from low protein soft wheat, and straight grade flour from Average No. Five.

Loaf volume superior, texture equal, and crumb colour only slightly inferior to that produced from the straight grade flour from Average One Northern.

*Fifth loaf* baked from a mixture of equal parts of flour from low protein soft wheat, and straight grade flour from Average No. Six.

Loaf inferior in every respect to that produced from straight grade Average One Northern.

*Sixth loaf* baked from straight grade flour milled from Average One Northern Wheat.

Loaf was smaller in volume than that from any of the above, with the exception of the first loaf this series.

From this series of tests, it was concluded that grades No. Four and No. Five can be used to advantage for blending with low protein soft wheat.

It should be noted that flour from Grade No. Five affected the crumb colour only slightly; this defect could undoubtedly be remedied by bleaching as ordinarily practised commercially.

Previous tests have demonstrated that the addition of twenty-five instead of fifty per cent straight grade flour from No. Five, to the soft wheat flour, improves the loaf in every respect.

#### EXPLANATION OF TECHNICAL TERMS

1. *Straight Grade Flour*.—Straight flour (or 100 per cent flour) is all the bolted wheat meal recovered from the wheat after removal of the feeds.

2. *Patent Flour*.—Patent flour is the more refined portion of the wheat meal from which all or a portion of the clears have been removed.

3. *Clear Flour*.—Clear flour is the less refined bolted portion of the wheat meal recovered in the manufacture of Patent flour. (Millers, according to their processing or trade demand, divide this into First and/or Second Clears.)

4. *First Grade Flour*—is the Patent flour.

5. *Second Grade Flour*—is the Clear flour.

#### CLOSING CASH WHEAT PRICES

Spot Cash.

In Store Fort William, Ont.

Date		Grades					
1928		1°	2°	3°	No. 4	No. 5	No. 6
Oct.	15	123 $\frac{7}{8}$	116 $\frac{3}{4}$	110 $\frac{7}{8}$	101 $\frac{1}{2}$	90 $\frac{1}{2}$	78 $\frac{1}{2}$
	20	121 $\frac{7}{8}$	114 $\frac{3}{4}$	108 $\frac{7}{8}$	99	89 $\frac{1}{2}$	78
	26	121 $\frac{7}{8}$	114 $\frac{3}{4}$	109 $\frac{7}{8}$	101	89 $\frac{1}{2}$	78
	31	121	116	111	103	89 $\frac{1}{2}$	78
Nov.	5	120 $\frac{7}{8}$	115 $\frac{7}{8}$	110 $\frac{7}{8}$	103 $\frac{1}{2}$	90 $\frac{1}{2}$	78
	10	122	115 $\frac{1}{2}$	110 $\frac{1}{2}$	104	90 $\frac{1}{2}$	78
	15	124	117 $\frac{1}{2}$	112 $\frac{1}{2}$	107	94 $\frac{1}{2}$	81 $\frac{1}{2}$
	20	121 $\frac{1}{2}$	117 $\frac{1}{4}$	112 $\frac{3}{4}$	107 $\frac{3}{4}$	96	80 $\frac{3}{4}$
	26	119 $\frac{3}{4}$	115 $\frac{3}{4}$	110 $\frac{3}{4}$	104	93 $\frac{1}{2}$	76
	30	116 $\frac{3}{4}$	112 $\frac{3}{4}$	107 $\frac{7}{8}$	101	89 $\frac{1}{2}$	73 $\frac{1}{2}$
Dec.	5	116 $\frac{3}{4}$	113 $\frac{1}{8}$	108 $\frac{3}{8}$	101	88 $\frac{3}{8}$	73 $\frac{1}{8}$
	10	116 $\frac{3}{4}$	113	108	101	88 $\frac{3}{4}$	73 $\frac{1}{4}$
	15	117 $\frac{1}{8}$	113 $\frac{3}{8}$	108 $\frac{5}{8}$	101	90 $\frac{1}{4}$	74 $\frac{1}{4}$
	20	117 $\frac{1}{8}$	113 $\frac{1}{8}$	108 $\frac{7}{8}$	102	91	75 $\frac{7}{8}$
	29	116 $\frac{3}{4}$	112 $\frac{3}{4}$	108	101	90 $\frac{1}{2}$	76 $\frac{1}{2}$
1929							
Jan.	5	113 $\frac{5}{8}$	109 $\frac{3}{4}$	105 $\frac{3}{4}$	100 $\frac{1}{2}$	89 $\frac{7}{8}$	75 $\frac{7}{8}$
	10	119 $\frac{1}{2}$	114 $\frac{1}{2}$	111	105 $\frac{1}{2}$	95 $\frac{1}{2}$	81 $\frac{1}{2}$
	15	120	115 $\frac{1}{2}$	111 $\frac{1}{2}$	106	95 $\frac{1}{2}$	81 $\frac{1}{2}$
	21	123 $\frac{1}{8}$	118 $\frac{7}{8}$	114 $\frac{3}{4}$	109 $\frac{3}{4}$	98 $\frac{3}{4}$	83 $\frac{3}{4}$
	25	126	121 $\frac{1}{8}$	117 $\frac{1}{2}$	112 $\frac{1}{2}$	101 $\frac{1}{2}$	85 $\frac{1}{2}$
	31	124 $\frac{1}{2}$	121	116 $\frac{1}{2}$	112	101	86
Feb.	5	124 $\frac{3}{8}$	120 $\frac{7}{8}$	116 $\frac{1}{8}$	111 $\frac{3}{8}$	100 $\frac{3}{8}$	85 $\frac{3}{8}$
	11	125 $\frac{1}{4}$	122 $\frac{1}{2}$	118	113	102 $\frac{1}{2}$	87
	15	129 $\frac{3}{4}$	126 $\frac{1}{4}$	121 $\frac{1}{4}$	117	104 $\frac{1}{4}$	89
	21	131	127 $\frac{3}{4}$	123	118 $\frac{1}{2}$	105 $\frac{3}{4}$	91
	25	128 $\frac{1}{2}$	125 $\frac{3}{4}$	120 $\frac{3}{4}$	116 $\frac{1}{2}$	104	88 $\frac{3}{4}$
Mar.	1	128 $\frac{7}{8}$	125 $\frac{7}{8}$	121 $\frac{7}{8}$	116 $\frac{7}{8}$	104 $\frac{7}{8}$	89 $\frac{7}{8}$
	5	125 $\frac{7}{8}$	122 $\frac{7}{8}$	118 $\frac{1}{4}$	112 $\frac{7}{8}$	101	86 $\frac{7}{8}$
	11	128	124 $\frac{3}{4}$	120	114 $\frac{1}{2}$	103 $\frac{1}{2}$	89
	15	129 $\frac{3}{8}$	125 $\frac{3}{8}$	121 $\frac{3}{8}$	115 $\frac{3}{8}$	104 $\frac{3}{8}$	89 $\frac{3}{8}$
	20	127 $\frac{3}{4}$	124 $\frac{3}{4}$	120	114 $\frac{1}{4}$	103 $\frac{3}{4}$	88 $\frac{3}{4}$
	25	124 $\frac{3}{4}$	121 $\frac{1}{4}$	116 $\frac{3}{4}$	111	101 $\frac{1}{4}$	85 $\frac{1}{4}$



DIFFERENCE IN CLOSING CASH PRICES  
GRADES ONE NORTHERN TO No. 6

Date		2° under 1°	3° under 1°	No. 4 under 1°	No. 5 under 1°	No. 6 under 1°
1928						
Oct.	15.	7½	13	22½	33½	45
	20.	7½	13	22	32½	43½
	26.	7	12	20½	32½	43½
	31.	5	10	18	31½	42½
Nov.	5.	5	10	17½	30½	42
	10.	6½	11½	18½	31½	43½
	15.	6½	11½	16½	29½	42½
	20.	4	8½	13½	25½	40½
	26.	4	8½	15	26	42½
	30.	4	8½	15½	27½	43½
Dec.	5.	3½	8½	15	28	43½
	10.	3½	8½	15½	27½	42½
	15.	3½	8½	15½	26½	45
	20.	4	8½	14½	25½	41½
	29.	4	8½	15	26	40½
1929						
Jan.	5.	3½	7½	13½	23½	37½
	10.	4½	8½	14½	24	38
	15.	4½	8½	14	24½	38½
	21.	4½	8½	13½	24½	39½
	25.	4½	8½	13½	24½	40½
	31.	3½	8	12½	23½	38½
Feb.	5.	3½	8½	13	24	38½
	11.	3½	7½	12	23½	28
	15.	3½	8½	12½	25½	40
	21.	3½	8½	12½	25½	40
	25.	3½	7½	12½	24½	39½
Mar.	1.	3	7½	12½	24½	39½
	5.	3	7½	13	24½	39
	11.	3½	8	13½	24½	38½
	15.	3½	8	14	24½	39½
	20.	3½	7½	13½	24	39
	25.	3½	8	13½	23½	39

HOUSE OF COMMONS,

TUESDAY, April 9, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 a.m., the Chairman, Mr. Kay, presiding.

AVERY F. SPROULE called and sworn.

The CHAIRMAN: May I suggest to the Committee that they allow Mr. Sproule to make his statement, as far as possible, without interruption, and afterwards Mr. Sproule can answer any questions that are put to him.

The WITNESS: Mr. Chairman and gentlemen: I appreciate the opportunity of addressing a body of this kind and giving them any information I may have in my possession respecting problems so closely connected with the farming interests in the three western provinces. This is an opportunity I have been longing for for some time. Your Chairman passed a remark a few minutes ago that the eyes of a good many people were on this body. Not only are the eyes of the western farmers upon this committee, but the future of the western farmer is very much in its hands and in its decisions. I want to impress this upon you, that the things we are wanting may be purely western, but if there are any members here from the east, we want your very best judgment, and we hope that your decision will be fair to the farmer who is primarily interested in the great amount of grain that is shipped out of that country.

We, who are farming there now, came mostly from the east, and we feel that we are entitled to your sympathy. You have had witnesses here from the western pools, known as the Canadian Co-operative Wheat Producers, but my purpose is mostly to bring a picture to you of the farmer himself and of the present system of handling grain as it affects him as an individual.

May I say that I went into that country in the year 1908. I took up a piece of Government land 105 miles from Moose Jaw. That was my handiest town for four years. It took ten days to make the round trip, and if we took in a load of wheat and got sufficient out of it to pay the expenses both ways and a little to take back with us, we thought we had a very profitable journey. We saw that country grow from a great big open space to one of the most productive parts of any of the three western provinces. But it is a country that needs intensive farming, because of the lack of moisture in the country. We grow the highest quality of wheat of any part of the province, and the cleanest wheat. It is a new country. We have had a lot of assistance from the governments, through their experimental stations, and I remember the first talk given by the Honourable Mr. Motherwell, the Minister of Agriculture, as to how farming should be carried on in that country. A lot of research work has been carried on to ascertain the best varieties of wheat to grow in that country, which has been of great assistance to us. But through it all, there has grown up a system of handling grain which has been a direct detriment to the province as a whole, and particularly to the southwest part of the province in which I live.

I have been connected with the wheat pool since its inception. I have been on the Board five years. I have been one of the executive and a member of the various committees. One of the first committees I was on was a committee appointed to investigate the whole grain business, that is, the handling of it. This work gave me the opportunity of investigating the handling of grain from the farmer's wagon box to the big steamers at the seaboard. It is a long story, and I want to give you a clear picture of how grain is handled.

[Mr. A. F. Sproule.]

*By Mr. Donnelly:*

Q. Who are you representing here? The farmers or the pool?—A. I am representing the farmers.

Q. Not the pool?—A. Not the pool as a body. I believe I was called here more for the purpose of giving you detailed information with respect to the physical handling of grain.

*By Mr. Senn:*

Q. Are you still a member of the Board?—A. I am still a member of the Board and a member of the Terminal Elevator Committee, and I was chairman of the Grading Committee.

In my district we have 8,500 farmers. It takes in a larger territory than Mr. Donnelly's constituency; most of it is in Mr. Donnelly's constituency. There are 8,500 farmers there, and we ship about 16,500,000 bushels of grain out of that territory to the pool itself.

In the handling of our grain, our first problem is the country elevator. We felt some few years ago that when the so-called Campbell Amendment was placed on our Statute books, it would give us as growers the right to forward our grain to terminals of our own choice. That has not proven to be the case, and we are still up against the problem of getting our grain forwarded to the terminal where we can use it to the best advantage of the grower. The method of delivering grain at a country elevator is that the farmer is given the privilege of accepting the grade placed on his wheat by the operator of the elevator. That is known as street wheat. That wheat then becomes the property of the elevator company and under the Act as it is now constituted he can do as he wishes with that grain. If he does not like the grade placed on the wheat by the operator, he can ask for a special bin. Now, a special bin gives him the right to segregate his grain until it is finally inspected by the inspectors at Winnipeg. You will notice that in the Act it states that you can compel no company to give you a special bin. It says the company may agree to give you a special bin. The word "agree" enters there, and it puts the farmer in the position that he may not be able to get a special bin.

Many of these elevators are what we might call obsolete. The bins are flat-bottomed, and when the grain is placed in these flat-bottomed bins in the rush season the practice is to hopper the bottom of the bin in such a manner that it will spout readily from the elevator into the car without any shovelling on the part of the operator. If the bin has been hoppered with high grade wheat, it will not interfere with the grade of your grain coming out of the bin, but when you have all kinds, from No. 1 to Feed, it may be that that bin would have 75 to 100 bushels of low grade grain, which would mix to some extent with your wheat coming out of a higher grade, which would mean a lot to you. You are acquainted with what is known as the sample box. This sample box is supposed to represent the actual wheat that goes into the bin. The farmer has to buy the lock and if he locks the box he feels that he has established a feeling of hostility on the part of the operator and the box is not locked. So we have some difficulty there.

Then there is the "subject to grade and dockage" ticket, that is, each farmer can have a receipt for his load of wheat, and send a four-pound sample to the inspector, and when the grade is placed upon it, it will be settled for on that basis.

Then there is the stored to grade and dockage ticket which gives him the right to ship his grain out in carload lots and sell it as it is marked.

*By Mr. Senn:*

Q. What do you mean by hoppering the bin?—A. It is a flat-bottomed bin holding, say 2,000 bushels. The spout will be part way in the centre, which leaves a space that slopes down with wheat all around to the edge of the spout.

[Mr. A. F. Sproule.]



The wheat then funnels down. Then you have cross ties in the corner to hold the bin together and a lot of wheat lodges there and, if it is not swept off, the next car that comes in causes mixing. Anyone who knows No. 6 wheat will know that a small percentage of it mixed with No. 1 and No. 2 causes a loss of grade.

*By Hon. Mr. Malcolm:*

Q. Are they building new elevators?—A. We are remodelling the elevators as fast as we can. In the four years we have been in business we have built and bought 967 country elevators, and we are remodelling as many of those as we have money to look after.

Q. That is, the pool?—A. Yes.

*By Mr. Donnelly:*

Q. There is not much complaint in the country elevators in regard to mixing in that way?—A. I would not say that there was not much. The farmer has felt for some time that there is mixing done there, that the operators of elevators are not shipping out the grain that they put in, but, Dr. Donnelly, that can be protected; they can protect themselves rather against that condition, if they are interested in their business.

Q. If they want to take advantage of the conditions that exist?—A. Yes, where a farmer looks after the forwarding of his grain to the market in its virgin state, he has that opportunity now at the country elevator. But when it goes farther afield, it strikes the primary inspection point, which for my district might be Moose Jaw or Winnipeg. Very little of our grain goes west from there.

The first men who touch your wheat are the probers or samplers. The samplers go into the yards with their probes and pick samples out of the car. The probes are about six feet long, in the shape of a tube, and when you shove the tube down to the bottom of the car, you turn the centre, which opens up a space every four inches apart all the way up the tube. That lets the grain in the tube; you then pull the tube out, and you have a sample from the bottom to the top. Those are placed on a "blanket" and mixed together, and that constitutes your sample from your car. In loading a car out in a year like this, when there was a very great scarcity of cars, the practice was to put every bushel we could get in; in fact the railways encouraged this year overloading to some extent. But that is no reason why the operators should have taken advantage of it. These cars were filled so full that they could not get a sample; therefore they went directly through to the terminals, and a certificate or statement was issued to the grower that his car was held full. A primary grade was placed on that by the inspectors, and the final grade was placed on it when unloaded at the terminal.

After the sample is taken at the yards, it is taken to the inspector's office.

*By Hon. Mr. Forke:*

Q. Before you leave grading, Mr. Sproule, do you know anything about taking a sample from the top of a car that is full?—A. With wild oats, Mr. Forke? I have heard of it being done, but I could not give evidence to that effect. I have heard that that was the only way they could get a fair sample. When the grain was in motion, the wild oats gradually worked to the top, and a probe sample would not give you a fair sample of the grain that was in that car. But I do not think we, as farmers, have any great complaint from that source. I might not be altogether fair in that respect. We do not grow wild oats to any great extent in our country, as yet, but our time probably is coming.

[Mr. A. F. Sproule.]

*By Mr. Cayley:*

Q. These filled cars do not get graded?—A. No not from the time they pass Winnipeg. I may say that the held full cars, and cars that have been reinspected at the head of the lakes, where a reinspection has been called for by our men, are about 65 per cent of the total volume passing Winnipeg inspection, that is, cars where reinspection was called for were about 65 per cent of the total number of cars passing Winnipeg inspection.

*By Mr. Donnelly:*

Q. How many would be held full cars?—A. Approximately 60 per cent would be held full cars. I might be a little too conservative there. It might be 55 per cent.

When this grain passes inspection, a certificate is issued. That certificate classifies one farmer's grain from that of another. That certificate is issued based upon the standard of his so-called grades. You understand your first three grades, No. 1, No. 2 and No. 3 are known as contract grades. When you buy wheat on the optional plan, you buy one or other of the contract grades.

*By Mr. Millar:*

Q. Down to No. 4, is it not?—A. I think it includes No. 4 this year, but Nos. 1, 2 and 3 are the contract grades from year to year. These contract grades are set out in the grain act, and they remain statutory from year to year. The standard is set for the purpose of dividing, or drawing the line as between grades.

*By Hon. Mr. Malcolm:*

Q. Who sets those standards?—A. These are more or less statutory.

Q. They are set by law, not by the Board of Grain Commissioners?—A. You have the grain act defining what the standards should be. But there is a slight variation from year to year, according to the crop.

*By Mr. Donnelly:*

Q. The other grades, No. 4, No. 5 and No. 6, by whom are they set?—A. They are set by the Grain Standards Board.

*By Mr. Senn:*

Q. Do I understand you to say that there is some variation from year to year?—A. I think they are not the same to-day as they were fifteen years ago. Mr. Motherwell knows that there has been a change. There are different weather conditions, different diseases, in your land, and different varieties of wheat being grown from year to year, and that is bound to mingle to some extent. As you know, Red Fyfe and Marquis Wheat are the two basic wheats, in fact Marquis is the wheat upon which your grades are all drawn. So that you know that a slight percentage of this other grain might get into your grain and might cause a slight lowering of the standards from one year to another.

Q. If there is any change made in the wheat, it is generally to a poorer wheat?—A. I would not say that there is any great change made. There might be a very small change made in the standard, but it is more noticeable in this respect: the grain coming forward under that standard has a considerable difference in its appearance. You might have grain coming forward under that standard in the beginning of the year when your grain is bright in appearance, no weather conditions having hurt it. That would be changed later on. Your standard would remain the same. The grain coming forward under that standard would have some considerable change.

*By Mr. Vallance:*

Q. Mr. Sproule, the difficulty that seems to arise in the minds of the Committee here is that we are taking the definition as stipulated by the statute, but what they want to know is whether No. 1 every year is just sixty per cent hard red vitreous wheat. There is an impression in the Committee that every year it is that, that it is no higher and no lower, just that. Is that always the case?—A. Your standard, Mr. Vallance, clearly outlines the amount of hard red vitreous kernels. The rest must be sound and clean, but it does not say just what the rest of that wheat will be. That is the latitude you have in the grade. The same applies to No. 2. Then as to No. 3, it does not say how many hard red vitreous kernels there should be in No. 3, but it says it must be reasonably sound and clean. It is up to the Inspector to decide what that word "reasonably" means. There is a little latitude there which causes that slight change.

*By an Hon. Member:*

Q. I understand the first three grades, the contract grades are statutory?—A. Yes.

Q. And that each year the inspectors and the Board of Grain Commissioners draw samples representing for that year what they think the statute calls for.—A. Yes.

Q. They draw samples, and those are the standard samples under the contract grades for that year?—A. Yes, sir.

*By Hon. Mr. Malcolm:*

Q. Has there been any complaint this year as to the standard of grain, particularly as to Nos. 1, 2 and 3?—A. Yes.

Q. What would be your suggestion so that there could not be the same complaint again? Do you think the Act should be improved?—A. I think that the most important part of this is to keep your standards just as high as possible from one year to another, so that the farmer will not be confused one year from another in what he may expect for his wheat. And that will apply to the buyer as well. The farmers in the west feel that the standard this year is somewhat higher than it was last year, and, from my knowledge of handling grain, I think it is greater; that is, the standards this year are slightly higher than they were a year ago. That causes confusion where a farmer disposes of his grain in the early part of the season, and gets a grade on his wheat of, we will say, No. 1. His next car goes No. 2. That causes considerable dissatisfaction. We are all Scotch out there when it comes to what we get out of our wheat. Or this may be caused by a slight mistake on line wheat, a grade of wheat that is so close to the line that it might be graded No. 1 or No. 2, and each man be correct. That is a hard grain to judge, but that is not the cause of all our difficulties.

The grades were tightened up this year in the beginning of the season. Many of our operators had a large amount of wheat taken in which later on would not have held its grade. There was more green wheat in the grain this year in those grades, and the inspectors decided to eliminate those slight green shaded kernels from the higher grades. Now, when this wheat reaches Winnipeg, and a certificate is placed on it, you find this condition exists: the farmer delivers from the high to the low in the grade. The standard is the minimum of the grade, the dividing line between the grades. A farmer comes in with a carload of line wheat. It almost made Grade 1, but on account of some slight physical defect in his wheat it was thrown into grade 2. Instead of that grain going to the markets of the world, helping to make up the average of the grade, the practice is to select all the high grades within the grade for mixing and milling purposes. The mills select their grain as it passes the inspection points,

[Mr. A. F. Sproule.]



and the mixing houses select their grain for mixing purposes. You have a range in your grade from the maximum to the minimum. The spread this year is around approximately six cents a bushel between grades 1 and 2. That does not hurt quite so badly until you get down to the 5's and 6's. Here is a man who delivers a carload of wheat that almost made the 4. An inspector might grade it either way and be correct. But it went into the 5's, and immediately it sold on the basis of the dividing line between the 5 and 6, which caused him a loss of from ten to fifteen cents a bushel. I think the spread this year is around twelve cents.

*By Mr. Millar:*

Q. The price paid, outside of the premium that might be paid, is determined how?—A. Is determined?

Q. Yes, how is the price determined?—A. You mean the spread?

Q. No, the price.

*By Mr. Donnelly:*

Q. How is the price set on the standard?—A. The price of all wheat is set in much the same manner; that is, you get the price for No. 1 in competition with other wheats on the world's market, and its value is based on that. Then you come to No. 2, and the demand for No. 2 causes the price to be set. Sometimes your No. 2 is a particularly good milling wheat, and the price is very close to No. 1. This year, when you get down to your No. 4 you will find that it is a better milling wheat than it was last year.

*By an hon. Member:*

Q. Your prices will vary from year to year.

*By Mr. Vallance:*

Q. The man that selects the grain buys the high at the minimum of the grade?—A. That is it. The idea is this, that the original certificate issued by the government inspectors is of no great value to the producer of that wheat, because the price that he eventually receives is based on the wheat that goes out under the certificate finally. And, Mr. Chairman, that is one of the points that I want to discuss with you here. I have papers here showing the selections of grade, and we also have a map—probably you are all familiar with it—of the survey of the wheat-growing territory of the province of Saskatchewan. This map shows where the best wheats are grown, and wherever you find this class of wheat then you find the largest number of selections. We have the map of our province here. It is also shown in divisions.

*By Mr. Millar:*

Q. Selections by mills?—A. Selections not only by mills, but wherever the mills are selecting it means that the mixing houses are selecting from that same district. The American millers have the right of selection in the same manner, if they wish to pay the duty on it.

A year ago, Mr. Chairman, we had a low quality wheat in that territory, the lowest quality I have seen in twenty-two years, but nevertheless over fifty per cent of the total volume from this territory here showing the high quality of grain was selected for mills and mixing houses. The year before it reached closer to seventy per cent of the total volume shipped out of that district. Our division runs from A. to L. to-day, eliminating J. If that runs true in some divisions, I think it will probably run true so far as the other divisions in the province are concerned, that is, for quality of wheat.

[Mr. A. F. Sproule.]

This selection means that a large percentage of your high grade grain is eliminated from the sample that is eventually sold by the trade to the consumer, the miller on the other side, and the price that you get as a producer is based on the value that they find in the grade delivered under the certificate finally, not based on the value that you had in your wheat when the original certificate was issued.

Now, Mr. Chairman, I, as a farmer, have felt that we are not getting legal protection under that certificate as originally issued by the government inspectors. Is there anything else that you can point to that the government supervises and issues a certificate, where other people are allowed to mingle, mix, deteriorate or systematically reduce a product before it is finally sold to the consumer. We feel, in the west, that we have been overlooked in the matter. True, we are operating our own elevators now, and our own mixing houses. We are forced to mix on account of our wheat going through the same channel, and the grower does receive the full earnings from the mixing of his grain, but you cannot possibly get back to the individual what he has subscribed to that mix.

Q. What percentage of the farmers, Mr. Sproule, that grow this wheat that was selected received the premiums paid?—A. No farmer receives a premium in the pool.

*By Mr. Donnelly:*

Q. Outside the pool?—A. I never knew a farmer in my country receiving a premium. Before there was a pool, I tried every known system of marketing my wheat to secure the best price. I have held it at the country point during a time when wheat was high across the line, and we had the right to ship the wheat across the Soo line, and I found that the best price then was available at the head of the lakes. The next year I shipped it to the head of the lakes and held it there, and I found that if I had held it at the country point I would have done better. You have no control over those things. A premium is something that is selected by the pool on these selections and paid back to the producers in the final process. We have secured some very nice premiums on this grain, without a doubt, and it goes back in the final value for wheat, but it does not go back to the man who produces it.

*By an Hon. Member:*

Q. If there is a disadvantage in selection in producing good wheat, is there any corresponding advantage to the farmers in another neighbourhood where wheat is produced of a lower grade?—A. Yes; that is the point I want to make. You see, the bluff country grows what we call starchy wheat. It is not as good a milling wheat. The way that that wheat is made marketable is by blending your whole crop which brings it up to an average protein content of 12.98 per cent this year.

*By Mr. Vallance:*

Q. That is, the blending of that portion that is not selected?—A. Yes, the blending of that portion that is not selected. The average this year ran to 12.98 per cent.

Q. There would be a proportion of that not millable at all?—A. If it was by itself it would have a very low milling value. In this section here, the wheat takes a long time to ripen.

Q. I suppose then those farmers would be in favour of mixing?—A. These farmers are in favour of mixing. But I want to say this of the Saskatchewan farmer, you will find it very hard to find one who is in favour of mixing. Take

[Mr. A. F. Sproule.]

the northern part of the province here, Lloydminster. Jack Weston is the director in that district. He has fought against mixing of grain. Mr. Motherwell knows that. We feel that in mixing you have taken away from the value of your whole crop by reducing its milling value.

*By Mr. Donnelly:*

Q. Have you any trouble in disposing of this lower grade starchy wheat? Do you think there would be any trouble in disposing of this lower grade wheat?—A. That would apply to all the low grades, would it not, Doctor?

Q. Yes.—A. Well, my experience, since I have been closer associated with the largest selling organization in the world, is this, that when millers have been able to buy good wheat they are in the market for a portion of the lower graded wheats to make the blend that they are using in the flours that they are putting out. But if they get wheat that has been blended and mixed until it will stand no more, they are not in the market for any low grade grain. We are developing a market for the low grade wheats, and the Orient to-day is taking a larger amount of that wheat than it did five years ago. We have also a good market in continental Europe for low grade wheat where they are not so particular about the size of the loaf as they are in England. They want cheaper food stuffs, and we will have no difficulty in marketing the low grade grain wheat as such. It will prepare a market for a certain percentage of the low grade wheats, because the miller wants to blend his mix for himself. Each will be properly classified. You men in the east who grow potatoes, know if you had one hundred bushels of good potatoes and twenty-five bushels of poor potatoes, you could get a dollar a bushel for your good potatoes, but you would take seventy-five cents a bushel for the whole thing, mixing up the good ones and the poor ones. You do the same thing with your apples; the same thing with your bacon, butter and eggs. And we, as farmers in the west, want to put a premium on good farming, we want to maintain the standards of Canadian wheat in the world's market.

*By Mr. Millar:*

Q. Is there any compensation for those in the northern parts who grow the softer wheats?—A. One of their compensations is this, that it does not cost as much to grow wheat in that part of the country as it does down on the open prairie. We have a dry district there. One-third of this whole country lies bare to the sun every year, and that makes a considerable difference to the farmer. We are subject to wind, hail and other conditions. When we farm our land, so much of it goes to summer fallow that the acreage that we have in shows a big yield. We have to pay taxes on all the land that lies idle, and it costs considerable money, especially when you are growing nothing on the land that year.

*By Mr. Senn:*

Q. You said last year that it detracted from the value of the whole crop. Is that true, that the general quality is poor?—A. Yes. What applies one year applies right through. This year we have one of the poorest mixing years that we have had since we went into the business for ourselves. I would draw your attention to this, that these wheats are being sold to-day from one to four in their virgin state as they leave the farm. There is not nearly the amount of mixing done in those grades as in previous years. The average spread between one and four this year is two cents less than our spread last year between one and three.

Now I claim that is on account of the value found by millers in number four wheat, he is getting.

[Mr. A. F. Sproule.]



*By Mr. Fansher (Last Mountain):*

Q. That spread obtained at the beginning of the season?—A. No, the spreads have narrowed since the millers have begun to find what our wheats were like. When we come, Mr. Fansher, to the terminals, we find that another standard appears on the scene, and nobody seems to be responsible for that. That is known as the outturn standard.

*By Hon. Mr. Motherwell:*

Q. It seems to be an orphan.—A. Yes. The law says that the outturn of a mixing house must be equal to the average of the outturn of the public. Now when all this selection takes place you know that the only thing the public has is the skimmed grade, so the outturn of the private has to come up to the skimmed grade that is shipped out. On account of some considerable criticism by the buyers of Canadian wheat this year, the standards have been raised. I feel that is what is responsible for the higher standard, and our inspectors—Mr. Symes and his Department—have been trying to keep wheat up to a higher standard on the outturn, but cannot legally enforce that thing. I as an operator of the terminal elevators may put out a cargo which is not up to the standard he has there, and that cargo is turned down, but I will immediately appeal that and send it to the appeal board at Winnipeg, and when that appeal comes up with the board, the standard they will make use of is the standard they have at Winnipeg and not at the head of the lakes, and he gets it put back into the grade he feels he should have it in.

*By Mr. Millar:*

Q. The standard at Winnipeg?—A. Yes. That is, the standard at Winnipeg is the minimum of the grades. The standard they have at the head of the lakes is slightly higher.

Q. It is not the minimum of the grades at Fort William?—A. No. If the grain goes out and does not come up to that standard and is turned down by the inspectors at Fort William, if they appeal to the appeal board they have to use the standard that is set by statute.

*By Hon. Mr. Malcolm?*

Q. What has been the experience on appeals this year? What actions have the appeal board taken?—A. The appeal board can only take one action and that is to judge the grain according to the standard they have there.

Q. You hardly get my question. Where a cargo is not up to standard does the inspector at Fort William grade it down to the next grade?—A. Yes.

Q. That has happened this year?—A. Yes.

Q. Appeals probably have been made? What have been the results of those appeals?—A. They have raised the grade in some cases.

Q. They have not sustained their inspectors?—A. No. They cannot. They are not responsible for that standard there. The sample itself is the only thing which gives witness.

Q. Supposing the inspector at Fort William was right in not allowing the grade, and as a result degraded the cargo; how would the appeal board rule against him?—A. They have no knowledge of the inspector's grade at Fort William. They are not using that standard at all themselves. The standards are different. They do not grade wheat by the same standard—I am speaking of the appeal board—they do not compare the wheat with the standard that is being used at the head of the lakes.

[Mr. A. F. Sproule.]

*By Mr. Donnelly:*

Q. You have no record of how many appeals were sustained?—A. I have only this; I asked this question of our own men at the head of the lakes last week, and Mr. Murray told me there had not been a very large number of appeals, but there have been a few where they got the grade they wanted.

*By Mr. Cayley:*

Q. Why should there be another standard at the head of the lakes?—A. We are delivering a grain running from the top to the bottom of the grade, and we feel that the standard at the head of the lakes should represent what the man is delivering within the grade. He delivers from the maximum to the minimum of the grade which would constitute an average some place near the centre, and we want an outturn standard that would reflect what he is delivering without any selection at all as the grain is being forwarded. Then we feel that the outcome would be that the buyer would pay a price based on the value he would find in that higher quality within the grade.

*By Hon. Mr. Motherwell:*

Q. What authority did Mr. Symes give for departing from the basis provided by law?—A. I have not discussed that with him this year, or since very early in the season, but his contention has always been that they have shipped out a higher grade from the terminals than was coming down.

Q. It has improved our wheat on the other side?—A. Yes. He has done the best he can to improve the quality of your wheat on the other side.

*By Mr. Millar:*

Q. There is some confusion there, Mr. Sproule. I would like to have it cleared up. In the case of a dispute on a cargo going out of Fort William, I think you stated that the appeal board, if an appeal were lodged, would base their judgment on the standard at Winnipeg?—A. Yes.

Q. You did not mean that?—A. Yes.

Q. The standard at Winnipeg is higher than at Fort William?—A. No. We will say that that is the standard set; here is the range between the minimum and the maximum of the grades; here is what the grain was graded on at Winnipeg—

Q. Are you maintaining that the standard at Winnipeg is the standard at Fort William?—A. No.

Q. How can they hold an appeal on the standard at Winnipeg?—A. Because the standard at Winnipeg is statutory and the one at Fort William is not.

Q. The standard at Fort William is not the standard at Winnipeg?—A. That is what I said.

Q. How can they appeal on a standard at Winnipeg at Fort William?

Mr. VALLANCE: They appeal from the standard at Fort William at Winnipeg.

*By Mr. Millar:*

Q. Supposing there is a cargo going out of Fort William?—A. Yes.

Q. The official standard at Fort William is not the standard at Winnipeg?

Mr. VALLANCE: Surely.

Mr. MILLAR: It is not.

The WITNESS: That is correct.

*By Mr. Millar:*

Q. I understand your statement to be that when they appealed on a cargo out of Fort William they based it on a standard at Winnipeg?—A. Yes.

[Mr. A. F. Sproule.]

Q. They cannot do it.—A. They do. Here is the run of grain. This is the dividing line between two and three. What the grower is submitting runs in between them and you get your average some place in the centre. To ship out a cargo, Mr. Symes and his Department have made a composite sample; they have taken so much of the standard and so much of the wheat in the terminals and mixed it, making a composite sample.

Q. Different from the standard at Winnipeg?—A. Different from the standard at Winnipeg—slightly higher. This may be about here, so when a cargo is shipped out and does not come up to this composite sample of Mr. Symes and his department, they appeal, and the sample goes back to Winnipeg and comes before the appeal board. The appeal board have only one sample to use, and that is the standard, the minimum of the grade.

*By Hon. Mr. Motherwell:*

Q. That would be an encouragement to appeal as many cargoes as possible?—A. They would have the right if not satisfied with Mr. Syme's decision.

*By Hon. Mr. Forke:*

Q. Why does the appeal board use the improvements on the grade?—A. That is the only legal standard they have to use.

*By Mr. Senn:*

Q. What legal right has the board at Fort William to use a different standard?—A. They have not any legal right. If they did they could compel them to accept the grade they originally placed on that cargo, but they have not that right.

*By Hon. Mr. Malcolm:*

Q. What is your suggestion for the correction of that situation?—A. An outturn standard sufficiently high that you will reflect in it what the grower is delivering—a statutory standard at the head of the lakes, the same as you have at Winnipeg.

Mr. MILLAR: I see now why we did not agree. I was speaking of the private elevators.

*By Hon. Mr. Malcolm:*

Q. Are you suggesting that you are in accord with the recommendation of the pool officers regarding the 75/25 outturn standard?

Mr. VALLANCE: I think that is an unfair question to ask the witness. I would like to hear Mr. Sproule give an answer to that question, as one of the pool representatives he must be.

The WITNESS: I think that goes without saying. I am a representative of the pool and we always had much the same in our pool board as you have here—the majority decides.

*By Hon. Mr. Malcolm:*

Q. I think it is only fair to ask you, speaking as a farmer, would you say to this committee that you believe the farmers in your district are in favour of the 75/25 outturn standard at Fort William?—A. The farmers of my district are in favour of doing away with mixing entirely.

Q. Then you would tell the committee that the farmers in your district are in favour of doing away with mixing entirely, but are not in favour of correcting mixing by the 75/25 outturn standard?—A. I would not say that. We in the west are growing a tremendous volume of wheat. We only have one

[Mr. A. F. Sproule.]



standard for the three provinces in the west, and we are growing a great many different varieties of wheat. As long as that standard is the standard used for the three prairie provinces we must be unanimous in any standard that is being used. I hope you get that. The northern part of Alberta is growing a different type of wheat from southern Alberta. The same applies in Manitoba and Saskatchewan and as long as we have that one standard for the whole of the west we must be fairly unanimous. We may feel that the standard you have set here is not sufficiently high for that particular part of the province, but I want to draw your attention to the fact that we have to base a certain amount of our decision upon the opinions of our technical men, and there might be a possibility of setting an outturn standard so high in the south that the north could not adhere to it, so we have to have a standard sufficiently high—or you might say low—to let the whole of the crop move under that standard.

*By Hon. Mr. Forke:*

Q. I cannot agree with that exactly, because if there is a lower grade in the north why should it not be a lower grade?—A. We thresh very early in the southern part of the province, and suppose we had a standard set on the average of the grades passed from the south. Our terminal might be full of that wheat and when the wheat from another part of the province came forward, it would have a lower run and the wheat would be closed to the minimum. It might have a ten-day run of wheat, not quite as high on the average which would make it difficult when handling in great volume. I know, Mr. Forke, what you have in mind, and it is a very difficult problem. We want to eliminate mixing altogether, and we do not want to set a standard any higher than what we can ship out—or to ask the impossible. Technical men say it can be done, and we want that done as a start. I do not say that we are satisfied in the south that this will end our requests in this matter. When we see we can do that, probably we will be encouraged to go a little further.

*By Mr. Lucas:*

Q. Is it your opinion that the 75/25 outturn would very largely eliminate mixing?—A. Yes.

*By Hon. Mr. Motherwell:*

Q. How did we get along all those years from 1900 to 1912 when there was no disparity between the head of the lakes and Winnipeg?—A. I think you will remember that the first kick against mixing came from the trade itself when the cooperative elevator company bought a tract of land at Portage la Prairie for a drying and mixing plant. They put up a kick against grain coming forward from this plant and being graded at Winnipeg, to go into the public elevators, and then having to take the responsibility of getting it out. At that time there was a clause put in the act to prevent millers or anybody else from skimming the grades and allowing them to go through under those grades. The act stated that if that consistently went on and could be proved they had to take the next lower grade. So in setting this standard higher you gentlemen want to look to it that there are sufficient teeth in the act to compel them to deliver the grain to the terminals in the condition in which they got it.

Q. Are the terminals open for inspection? Would you have access to these private terminals?—A. We have access to our own.

Q. If a stranger comes in and they are operated privately, not under the supervision of government inspectors—A. I have never known of any terminal but where we had the utmost freedom.

*By Mr. Donnelly:*

Q. Have you been in the private terminals?—A. Yes.

[Mr. A. F. Sproule.]

Q. Tell us how they mix.—A. There is no mystery about it. Wheat and water are quite the same. I have seen people put a little water in—

Mr. VALLANCE: Scotch.

The WITNESS: Yes, but it does not improve the Scotch from my point of view. Now, in your terminals they have a big blackboard in the office with the whole diagram of the terminal on it. The bins are round. There is a space in between the different sized bins. This may hold from twenty thousand to fifty thousand bushels; this space in between is utilized for holding the very lowest grades, screenings and such like. If they have in this bin here twenty thousand bushels of number two, down here they may have a three and have thirty thousand bushels; this may be four and they will have fifteen thousand bushels; over here there is a six and there will be ten thousand bushels; down here will be feed; here we may have a five, and in here there will be screenings. Our new terminal number seven is a half mile long, with a belt half way to the warehouse each way. Then the feeder belt runs like that (indicating) and there is a grade on the side of it to keep the wheat like that (indicating). You have a man stationed where the grain goes into the bins, and this man is your house inspector who inspects the grain right on the belt, because the government inspector is on the boat. After you have once mixed out of the mixing house and put it into the boat the government inspector grades it. In the public terminals the government inspector checks the grain on the belt, and if it does not come up to his idea of what it should be he can check it up. So in a private elevator, if he wants to get out one thousand bushels mixed, he takes the soundings of his bins before he starts the mix; he sounds his bins and finds out the volume of grain in each bin; he pulls his slides and inspects it as it is running on the belt to see that it does not get below the grade he wants it to be. He might have tough, he might have tough smutty, rejected Two or Three. He wants to get rid of it. It is running only in a small stream, but in a few hours he might run a lot of it off. If there was sufficient latitude in the grade to allow him to dribble in a considerable amount of it in his mix, and if it is running too thin, phones to the operator to close off the bins. The Government inspector stands at the spout, takes a sample and throws in into a box. They mix it up, and the inspector places the grade on what he finds in that box. If he does not get his mix up to the grade he wishes to make he loses a grade on it. Now I believe that in appearance the outturn of the private elevators—I say in appearance—is a little better than the outturn of the public.

*By Hon. Mr. Motherwell:*

Q. Is that not because there is only a minimum of the grades in the public now?—A. I think the reason for that is that they have to clean it right down in the mixing house until it is absolutely clean, and they put back an amount of dirt which will carry it within the law. The thing I want to draw your attention to is this, that I am shipping grain out of a country point, that may have one physical defect; it may be slightly shrunk, and it may be graded Two or Three but when that grain comes out No. 3 out of a private elevator, it will have a percentage of smut, it will have a percentage of sprouts, and it may have a percentage of every disease that you could mention in grain, and the price based upon that is what we get for delivering virgin grain.

Q. Including the screenings?—A. Including the screenings.

*By Mr. Donnelly:*

Q. Have you a concrete example of a mixture that has been shipped out? —A. I have here something that probably you have heard about. When we were first investigating this work as a Committee, we went to our own terminals

[Mr. A. F. Sproule.]

to find out what was actually being done. Evidence had been submitted to the Turgeon Commission before we went on the job, but we were not satisfied with the picture drawn in that evidence at all, because if you take the records of the mixing plant, they do not tell the story at all. Take the tough smutty rejected wheat we were speaking about a few minutes ago, if in the mix there was too much, if they found that they put in 2,000 bushels—that looks rather conspicuous perhaps so I will mark 500 bushels on my stock sheets against that load. If I take my stock sheets, I will find the stocks short on the tough smutty wheat. He corrects that in his next shipment, by adding 500 bushels, until he works it off so that his records come straight. You have asked for a sample of what is being done. All of you read some years ago the record of a mix of Glen Eagle and another at Roylton which the Board of Grain Commissioners claimed could not have gone in. The statement was taken directly from the man who made the mix, and who claimed it went into the boat. The office claimed that it did not. I will give you a corrected statement of what was sent to the office, as to what went into that boat. You will understand what I mean when I say a corrected statement. The office manager when we went to check it up with him, said that their records did not show that amount of wheat in their bins. Now, this is the one I have here.

*By Mr. Millar:*

Q. Whose statement is this?—A. This is the statement of the manager of the mixing plant.

Q. Belonging to the Pool?—A. Yes, Mr. Ross.

*By Hon. Mr. Motherwell:*

Q. Is that the gentleman who gives the instructions to the operator of the Pool plant?—A. Yes, Mr. Ross, was the manager. Here is Mr. Ross' record that he submitted to the head office at Winnipeg. This was a shipment of No. 3 wheat. There were 1,652 bushels and 30 pounds of No. 2; 111,272 bushels and 20 pounds of No. 3; 19,577 bushels and 40 pounds of Tough No. 3; 25,839 bushels and 10 pounds of Tough Rejected Sprouted No. 2; 4,891 bushels and 30 pounds of No. 4 wheat; 994 bushels and 40 pounds of Rejected Sprouted No. 4; 313 bushels and 50 pounds of No. 5; 1,166 bushels of No. 6; 2,713 bushels and 40 pounds of Feed; 2,106 bushels and 40 pounds of No. 1 Kota; 4,348 bushels and 50 pounds of No. 2 Kota; 3,340 bushels and 10 pounds of Tough No. 2 Kota; 3,803 bushels of Tough Rejected No. 3 Kota Sprouted; 3,900 bushels of No. 3 Kota; 4,076 bushels of Tough No. 3 Kota, not sprouted.

Q. That is quite a hotch potch?—A. Yes, it is.

*By Mr. Lucas:*

Q. Did that get by on No. 3?—A. When this statement was made public by Mr. Marsh as to the original mixture, it was criticized very strongly, so we went back to the offices, as we had only got this from the foreman of the elevator. We went back to the offices, and we took our solicitor along with us, because we were getting in bad with the Board of Grain Commissioners, and we had to walk the carpet. I have here a letter which reads:

Enclosed please find report of our work at Fort William.

This is Mr. Milliken's report of what he found when he checked the records. This need not be taken down.

The CHAIRMAN: If you are going to read the statement as to the mixture, you should file the letter.

WITNESS: All right. This is Mr. Milliken's report of what he found there.

[Mr. A. F. Sproule.]



*By Hon. Mr. Motherwell:*

Q. When was that?—A. This is dated May 7th, 1927.

*By Mr. Vallance:*

Q. It is public property now?—A. Yes.

*By Mr. Millar:*

Q. Was that cargo passed as No. 3?—A. Yes. The Board of Grain Commissioners met us in Regina, and they claimed that the 1,090 bushels of No. 3 wheat could not have gone out, under the statement that was issued at that time by Mr. Marsh. That statement was this; 11,000 bushels of Tough Rejected Sprouted No. 3, 9,000 bushels Damp Rejected No. 3, 8,000 bushels Tough Red Durum, 6,000 bushels Tough Rejected No. 3 Kota, 3,000 bushels Feed Wheat, 300 bushels Tough Smutty No. 4 Kota, 12,000 bushels No. 4, 25,000 bushels Damp No. 4, 1,200 bushels No. 5, 20,000 bushels Tough No. 3 Kota, 6,000 bushels Durum Spring and 9,000 bushels of Feed. This last item is known as House Feed; a lot of good wheat goes over. That is the one they took objection to, and Mr. Ross said the Durums were not in the elevator, so they could not have gone into the mix. They said also that the Damps could not go in. When Mr. Marsh made the statement public property, we felt that they should know that damp wheat would be dried before it was handled. That was where he made a mistake. That is what hurt our No. 3 wheat that year to such a great extent, the drying of this wheat and putting it into straight grades.

The CHAIRMAN: Read the letter, please.

WITNESS (Reads):

REGINA, SASK., May 7, 1927.

A. F. SPROULE, Esq.,  
Lafleche, Sask.

DEAR MR. SPROULE,—Enclosed please find report of our work at Fort William. I am not submitting this to the Pool until shortly before the next Board meeting, with the idea that the members of the committee may have an opportunity in the meantime to read over what I have said, and to make any suggestions.

I had not intended putting in any opinions of my own, but I have come to the conclusion that the report is so detailed and lengthy that the average member of the Board would not study it sufficiently closely to arrive at a conclusion of his own; hence, my reason for summing up the situation.

Please let me know at the earliest possible date if you think I have correctly stated the case.

Yours truly,

(Signed) R. H. MILLIKEN.

That is from our own solicitor.

*By Mr. Donnelly:*

Q. Have you a concrete example of a shipment that has never been called in question?—A. Yes.

Q. Read that one to us.

*By the Hon. Mr. Motherwell:*

Q. He apparently overshot the mark?—A. Yes. That was an extreme case. The reason we took that, Mr. Motherwell, was to show only what could be done. We may have exceeded our authority by making it public; nevertheless it has brought about an investigation into the whole matter which I feel is going to result in very great benefit to the whole of the western farmers.

[Mr. A. F. Sproule.]

Q. The Royal Grain Commission is doing that?—A. Yes. Here is a record of a co-operative mixture. I will take No. 5. This was a shipment of 70,000 bushels of no grade No. 2 Tough, which contained 57,100 bushels of No. 2 Tough, 12,500 bushels of No. 3 Tough and 400 bushels of Tough No. 2 Smutty. That is an ordinary every day shipment. I have another shipment of 18,934 bushels of No. 1, which contained 14,852 bushels and 50 pounds of No. 1, 1,081 bushels and 10 pounds of No. 1 Hard and 3,000 bushels of No. 2. They worked off 3,000 bushels in that shipment.

Another one was a shipment of 125,000 bushels of No. 2, which contained 92,110 bushels of No. 2, 26,000 bushels No. 3, 1,890 bushels of Smutty No. 2, 1,000 bushels of Rejected No. 2, and 4,000 bushels of Tough No. 2.

Here is one Dr. Donnelly is interested in.

*By the Hon. Mr. Motherwell:*

Q. Would the Smutty be cleaned first?—A. No, sir, they are using no cleaners at the present time.

*By Mr. Coote:*

Q. Would that deteriorate the grade of the grain, if the smutty were not cleaned first?—A. I know the miller does not appreciate it when mixed in such a manner you cannot pick it out afterwards, and it does not help its milling value. That is what we found to be a fair example of the mixtures that went out of that terminal that year.

When this terminal elevator was being operated that year, the instructions by the Pool were not to skim the grades down to the limit. The policy of the Board was to put out a good grade of wheat that would not be questioned. Where you understand that none of the men who were operating the elevator at that time are in the employ of this organization to-day, you will quite readily understand that we were not satisfied with things as we found them there.

*By the Hon. Mr. Stewart:*

Q. Have you given us any examples of any out-turns other than those of the Pool?—A. No.

Q. These are all Pool?—A. Yes. Some of the other mixes that I read were from the Co-operative Mixing House prior to the time we took it over.

Q. Of Saskatchewan?—A. Yes. We looked their records over for a number of years, to get a comparison of what they had been doing in the way of mixing No. 5. They were following the policy of putting out a grade that would not be questioned by the inspectors. Mr. Swinburne, who operated the elevator, was always proud of the fact that the mixing done by his house was better than that done at the public elevator. Mr. Swinburne has had a long experience in mixing, and he is a man who can give you some real good information if you wish it. Here is a shipment shipped on the steamship "Royalton." It was a shipment of 125,000 bushels of No. 3 containing: 65,963 bushels 3 Northern; 20,000 bushels rejected 5; 1,200 bushels Tough 4; 6,720 bushels No. 5; 5,280 bushels 1 and 2 Kota; 8,580 bushels Mixture of 3 and 4 Wheat; 4,730 bushels Tf No. 3 Kota; 4,730 bushels Tf 3 Red Durum; 1,300 bushels Durum and spring; 6,500 bushels Dried 2.

*By Mr. Donnelly:*

Q. That went out?—A. A straight 3.

*By Mr. Vallance:*

Q. Was that mixed at a country elevator?—A. Probably mixed at a country elevator. It might have been there, or binned in its wrong bin in the house.

[Mr. A. F. Sproule.]

*By the Hon. Mr. Forke:*

Q. You said the grade going out after all that mixing was a little higher than the minimum grade at Winnipeg. With all that mixture. I do not see how it is possible.—A. Well, they selected the wheats that go into these mixing houses. You know that in No. 5 Wheat there is a lot of good wheat. They will clean out a lot of the poor stuff from the No. 5. Mixing is a scientific process and in appearance my judgment has been that that wheat was slightly better.

*By Mr. Millar:*

Q. You are referring to its appearance?—A. I am referring only to the appearance. Kota wheat would improve its appearance, and that is what it was put in for, but it did not enhance its milling value.

*By Mr. Glen:*

Q. I think you said you did not know any farmers in Saskatchewan who were in favour of mixing, and you also made mention in the beginning of your statement of the fact that there were circumstances which compelled them to mix. What are the circumstances that you refer to, and how do you propose to eliminate the mixing?—A. In answer to the first question as to why we have mixed, the first year we operated we had no elevators of our own. We have never been able to handle all our own wheat. Much of our grain has been handled by line elevator companies, and we accept a warehouse receipt for this wheat at terminal elevator points. We make use of every facility available to get as large a volume of that wheat in before navigation closes across the lakes, to the transfer houses and the seaboard ports, so that we can have that wheat available for winter sales. This wheat goes through the channel of all the grain handling facilities. All grades of a like kind are mixed at the terminal points, whether it be Montreal, or the head of the lakes. If we wanted to eliminate the mixing we would have to watch that grain all the way through and that would be a very costly system, to be borne by that wheat itself. So we use the certificate final on our grades the same as anyone else, and make use of everything that is available in the way of handling grain to get as much back to the consumer as we can until the system is changed.

Q. Those circumstances are likely to prevail every year, are they not? How do we propose to eliminate mixing if those circumstances always prevail?—A. How do we propose to eliminate it?

Q. Yes.—A. Well, you have evidence here. I have some here some place. One of the ways is to bin this grain, as graded on the original certificate as issued.

Q. From an economical standpoint, is that feasible?—A. Yes.

Q. You said a little while ago it would be a considerable expense?—A. That is, at all terminals from the time it leaves the country elevator right through, that would not increase the cost at all to bin it, as graded. If that was done at the terminals then it would be shipped out the way it was binned, and if your No. 1 was no better than the other fellow's No. 1 it would not hurt if they did mixing within grades at the seaboard ports. But the idea is to make the other fellow come up to a standard that is fair and honest. There is another thing, and that is to have a standard so high that you would take all the profits out of mixing. One of the difficulties is this, that when a man buys wheat in a country, street wheat, it is his, and he can ship it to his own mills. He can skim that wheat before it goes to the public terminal, and if you still allow this system of skimming to go on before it arrived at the public terminals you would gain nothing by asking that all grains be binned by themselves. But you might as well have that standard so high that they must come up to the average, or as near to the average as is possible in shipping their grain out.

[Mr. A. F. Sproule.]



*By Mr. Senn:*

Q. You mentioned the Campbell amendment. If the provision of that amendment had been adhered to, would it have eliminated the trouble of mixing?—A. Not altogether, no. It would have given us the opportunity as farmers, of shipping our own grain to our own terminals, and getting the earnings back to the individual, and allowed us to make use of our own facilities.

*By Mr. Donnelly:*

Q. I believe you were on the Committee that went to Philadelphia, Buffalo and New York. Would you tell us what you did at that time, and what you found?—A. Well, on that trip we at that time made a complete investigation at the terminals, that is, on this side of the lakes. We were interested to know just how that grain was handled at seaboard ports, at Buffalo, say, during the summer months. We went to Buffalo first and made a complete investigation of handling of grain there, at that transfer point. At Buffalo the grain is taken into the elevators, weighed in and weighed out, and put into boats so as to get it to Atlantic ports.

Q. Were the bins all emptied at that time?—A. No; they were still handling quite a large amount of wheat. They were unloading boats the day we were there, and my attention was called, by one of the foremen, as to how American wheat and Canadian wheat could be mixed. This was a very old type of boat, and the cross ties had a flange on the edge. It had carried a load of corn prior to being loaded with wheat, and one of the men when walking across the boards upset about eight or ten bushels of corn, and it went down into our Canadian wheat. The boat had not been properly cleaned, otherwise that could not have happened. However, as far as I know, there was no reason to believe that any mixing of Canadian grain and American grain was going on. Except by accident that might happen by not having a clean boat.

Q. You took samples when you were there?—A. We took samples when we were there.

Q. Now, Mr. Sproule, Mr. Ramsay said last year, in answer to the question "And what did you find"?

We did not consider that those samples were a fair test. Some of those samples were bad, but they were taken at the wrong time of the year, and they were not actually taken out of wheat being shipped. They were taken out of the bottom of bins. We did not consider that that was a fair test.

What have you to say with regard to that?—A. I would say that he was not very well informed. We had a large amount of wheat at Montreal at that time. I cannot say just the amount of grain, but they were still handling wheat in the terminals. There was wheat afloat between there and the lake ports. There was somewhere in the neighbourhood of two million bushels—I can look up the exact amount—that we still had in our terminals on this side. We had wheat in store at the terminals at Baltimore, and at the Lehigh Valley Railway terminals at New York, and at Philadelphia. I just cannot recall the name of the terminals there. Also at Montreal; we took samples there as well.

Q. They were not taken though at the very end of the season, or at the fag end of the season?—A. You might call it the fag end of the season.

Q. They were not taken from the bottom of the bins.—A. They were not taken from the bottom of the bins. All those samples were drawn by the foreman out of the running wheat.

Q. They were fair samples?—A. Yes, they were fair samples of what was in all of those terminals. We would not have brought them back unless they had been fair samples. We made every effort to get a fair sample, and we asked the foreman to give us a sample that was a fair sample.

[Mr. A. F. Sproule.]

Q. You were there and saw those samples taken?—A. Absolutely.

Q. Was Mr. Ramsay there at the time?—A. No, Mr. Ramsay was not there at the time.

Q. I mean when you were taking the samples.—A. No. Mr. Ramsay might have been correct in one instance, in connection with one sample. But we just brought that back to explain it, when we showed how it could be done. This was a sample that was taken from one of the transfer houses at New York. We had samples of one, two, three, four, five and six from every one of these points—from Buffalo and from Duluth. There was no wheat at Portland, but there was wheat at New York, Philadelphia and Baltimore, and there were only one or two of those samples that held their grade when graded on this side by the inspectors.

Q. What did they do with those samples?—A. We had them on inspection at Regina for quite a long while.

Q. You brought them back, and did you send them to Winnipeg to have them inspected there?—A. We had those samples all inspected by our own inspectors. The samples that were sent to Winnipeg were samples that we had sent from Buffalo.

Q. And you sent some of those samples directly from Buffalo to Winnipeg?—A. Yes.

Q. How did they stand up.—A. They did not stand up. I have not got that record here. I think it is filed with the Saskatchewan Grain Commission. As I recall it, of something around sixty samples forty-two of them did not stand up to the grade.

*By Mr. Millar:*

Q. Graded by the Inspection Department?—A. Yes, graded by the Inspection Department.

Q. And you satisfied yourselves that there had been no mixing of American and Canadian wheat at those points?—A. We satisfied ourselves that the mixing was done before it reached Buffalo, that is, in Canadian hard wheats.

*By Mr. Senn:*

Q. Supposing some of the line companies buy this grain. As you say it belongs to them. Can you prevent them from mixing?—A. The only way that I can see whereby you can prevent it is to set a standard sufficiently high so that they cannot mix their wheat.

*By Mr. Donnelly:*

Q. If you had nothing but public terminals in which to store the grain, could you not prevent it in that way?—A. My experience has been this, that if you have not some standard, a legal standard to give your inspectors to force grain shippers to adhere to, there are so many leaks before it gets to those inspectors. For instance, a farmer brings in his wheat. It is close to the minimum. It has been graded by the inspectors at the primary points and, as I say, it is close to the minimum. A certificate is already issued on this wheat, and it has been allowed to be binned in public terminals. It must go out if it went in. You have got to have some teeth in your act that will prohibit the skimming of the grain before it gets to your public terminals. I think one is dependent upon the other. They are both quite necessary, but the standard itself is the thing that the inspector will use, and you must have in your act sufficient penalties that will make all grain companies adhere to that act. We are not asking for something for ourselves, or we are not asking for some penalty to be placed on the other fellow that we are not willing to sub-

mit to ourselves. It is the grower of grain himself that we are interested in, and I am one of those. We want to maintain the standard of Canadian grain, and I can see where it is very necessary that this wheat should be binned as graded. But it is also very necessary, in fact, the most essential thing is to have a standard that they must legally adhere to.

*By Mr. Garland (Bow River):*

Q. You just made a statement which helped me in the question I want to ask. You say that your opinion is that the wheat should be binned on its grade. That means a separate bin for each grade?—A. Oh, absolutely.

Q. I understand that the pool stated that it handled some 532 grades of wheat last year. How are you going to get over the mechanical difficulty at your terminals, the warehousing difficulty?—A. The warehousing difficulty would be probably a little more acute than it is to-day. But after discussing this matter with our elevator operators last week they claim that, in our terminals, we should have one operating as a hospital elevator entirely to take care of all off grades. All grades would be binned according to grade. The hospital elevator would take care of all those grades. You are thinking of Nos. 1, 2, 3, 4, 5 and 6, and we hope you will give us another grade.

Q. That is mixing, is it not? That would be a mixing house?—A. That would be a mixing house, yes.

*By Mr. Donnelly:*

Q. It would only be a conditioning of all grades.—A. That is the point I want to make.

*By Hon. Mr. Motherwell:*

Q. And you would not give them a straight certificate?—A. That is something that I have not considered. But I do not see why it should have a straight grade. But you will understand this, that all of those 600 grades—I think there were 1,700 of them, last year but this was on account of different conditions within the grade.

*By an Hon. Member:*

Q. After you had treated the grain in a hospital elevator, would you allow mixing of the grades there, or must it go back into the grades?—A. You could not help it.

*By Mr. Donnelly:*

Q. Some, of course, might be rejected, while others again, after being treated, could be accepted. That would be a different proposition, would it not?—A. Yes. There would, of course, be a certificate covering that wheat from a hospital elevator, or mixing house. After being treated, and after being graded, it would take its place in the world's market, and if the buyer found the value of that grain to be equal to the grain in its virgin state that would be reflected in the price offered.

Q. Do you suggest that the grain from that hospital terminal would not carry a regular standard certificate?—A. Would not carry a regular standard certificate?

Q. Or would have a special certificate covering?—A. Would have a special certificate covering.

*By Mr. Garland (Bow River):*

Q. Do you still think, Mr. Sproule, that the terminals could handle the straight grades?—A. Oh, yes.

[Mr. A. F. Sproule.]



Q. All the straight grades?—A. Yes. I have asked our elevator superintendents, and the managers of our terminals tell me, as they told the rest of the Committee that met with them last week, that it could be done.

Q. It will not retard the flow of wheat at all?—A. It will not retard the flow of wheat to any great extent.

*By Hon. Mr. Motherwell:*

Q. It was done prior to 1925?—A. Yes. But, of course, we did not have the same volume of wheat. Take this year, you would have a very large volume, particularly of 4 and 5, going into the terminals.

*By Mr. Garland (Bow River):*

Q. That is just what I thought, you would have a very large volume of Nos. 4 and 5 going into the terminals?—A. Yes.

Q. How would you arrange it so that you could provide certificates for the smaller quantities of other grades which would come in certainly in large volume but not in the enormous volume of Nos. 4 and 5?—A. The space necessary for the higher grades would not be so much, considering the enormous volume of the lower grades.

Q. But you have the same number of grades you say?—A. Yes, you have the same number of grades. Likewise in the straight grade grain you have the same number of grades, 1, 2, 3, 4, 5 and 6, and you are not holding up any space with that kind of grade.

Q. Of course, we are including the straight grades in our discussion. We are not going to exclude tough, or are you going to exclude tough?—A. I would not exclude tough grain.

Q. You would have a bin for that?—A. Yes.

Q. What grades exactly would you tell the committee you would put into the hospital?—A. Any grades the hospital elevator could improve; any grade that was necessary to go in. You could not eliminate these public elevators from handling off grades if they wanted to. Your public elevators would still be able to take them in. If there was a large volume of tough you could take it in as tough and ship it out as tough and let it take its place on the world's market as tough, which we have been doing for some time past. You will find that the spreads are not so wide on tough as they were a few years ago. In 1926 and 1927 when they mixed the toughs you had a wider spread. True, there was not a large volume of it this year.

*By Hon. Mr. Motherwell:*

Q. The private terminals would be inclined to go back into public, would they not?—A. Yes. There are only four private terminals at the head of the lakes to-day. One is operated by the government, two by ourselves, and the other is the old Grand Trunk. The government terminal did not handle much grain until all the others were filled.

*By Mr. Millar:*

Q. That is the garbage can?—A. Yes.

*By Mr. Donnelly:*

Q. Would there be any object in letting the wheat rejected for wild oats or seed go into the public terminals to be cleaned under proper supervision?—A. That is being done to-day. If you give us the certificate we are asking for on wild oats you would make a settlement at the time the grain is inspected on the amount of wild oats that is in the grain.

[Mr. A. F. Sproule.]

Q. If you allow that to be cleaned and go into its proper grade, it would not leave many grades to handle?—A. Our elevator operators tell us they can handle all these grades without any difficulty, providing we turn one house into a hospital elevator to take care of the off grade stuff which you cannot handle.

The witness retired.

The Committee adjourned until 8 p.m.

AVERY F. SPROULE recalled.

*By Mr. Millar:*

Q. I understand you gave evidence before the grain commission in regard to the handling of wheat on protein content. Will you elaborate on that?

*By the Chairman:*

Q. Had you finished the subject you were talking about at one o'clock?—A. I had a few more remarks to make about the standards as they applied to the contract grades, but we had not come to the standards as they applied to what we know as commercial grades. that is, the grades below the three. This has to do with a tremendous volume of wheat. This year, according to the reports I have been able to gather, there were approximately 200,000,000 bushels of grain delivered by the farmers in the west before the Grain Standards Board met to set these standards. Approximately one-half of that would be commercial grades. That meant that 100,000,000 bushels at least had been delivered by the farmers before there was an official standard set for that year. When you meet the Grain Standards Board and have the opportunity of questioning them, I am sure you will find that when they had the samples of all the different grades placed before them they eased up somewhat on the standards last year. On account of it being slightly frosted it was much heavier than last year's wheat, but it did not depreciate the milling value to the same extent, and that was one of the reasons why they had eased up somewhat on the standard. This meant the farmers had delivered some 100,000,000 bushels of wheat on a higher plane, and eventually this grain would be shipped out of the terminals on the lower standard, which meant a tremendous earning for the trade at a loss for the growers. I would suggest that everything possible be done to have the Grain Standards Board secure their samples from the farmers' wheat earlier in the session. They have depended in the past on these samples coming forward by car load lots to the inspection office, whereas if these samples had all been gathered throughout the province and forwarded by express to some central point these standards might have been set much earlier in the season. That is a very important thing in respect to the commercial grades, especially where we have such a large volume as we have had these past few years.

*By Mr. Millar:*

Q. Who calls that Standard Grades Board together?—A. As a general rule, the trade, the members of the trade, and the Board of Grain Commissioners, and the farmers' representatives. These last two or three years pressure has been brought to bear by the farmer members of that Board to have this Board meet as early as possible. I think Mr. A. E. Wilson, of Regina, whom many of you know, has taken the initiative in that respect the last year or two.

[Mr. A. F. Sproule.]

*By Mr. Young (Saskatoon):*

Q. But is anything specified as to who should call them together?—A. I believe that is one of the duties of the Board of Grain Commissioners.

Q. Can you state that with certainty or is it only your opinion?—A. Not with certainty, but to the best of my knowledge it is the Board of Grain Commissioners who call these men together when there has been sufficient grain received from the different parts of the Province.

*By the Chairman:*

Q. We had better have the members of the Standard Board here. They will be the proper ones to ask that question.—A. They would be the proper ones to ask. I am giving this evidence from the farmer's standpoint; he has delivered this grain on last year's standard, and later on finds there have been some changes made. Briefly that is what I wanted to state in respect of the commercial grades.

*By Mr. Garland (Bow River):*

Q. Were last year's grades lower on the whole than this year's standards? —A. I think so. The men who shipped the one hundred million bushels first got a little better grade.

Hon. Mr. STEWART: It was the other way around.

*By Mr. Donnelly:*

Q. Mr. Newman told us here that the standards were higher than last year.—A. Did that apply to all grades, or to No. 1, No. 2, No. 3 and No. 4?

Q. To all grades.

*By Mr. Garland (Bow River):*

Q. I thought you admitted yourself that some of the witnesses here made the statement that this year's standards were at least one grade higher than last year's standards; so that if your evidence is correct—and I take it to be correct—the one hundred million bushels shipped before would be graded to a lower standard, and the farmers would have that much more leeway, they would be better off than when they were tightened up later on?—A. I cannot help what other witnesses have stated.

*By Mr. Vallance:*

Q. You know that on these shipments through the country elevators, we lost grades on?—A. That had to do with Nos. 1, 2 and 3.

Q. All standards?—A. Well, the other grades were different, Mr. Vallance. There was a slight easing up on the lower grades this year, on account of the heavy wheat. The year preceding that our wheat was rusted as well as frozen, and if you compare the weights of the wheat that last year of course, these grades look to be better, but from the beginning of the season on the low grade wheats we could not get grain into a Five that we later got into a Five. The same applied to Six as well. This is my complaint, that if the grades had remained as they were the farmers would have had no reason to complain, because when they remained the same throughout, the price they would have received for their grain would have been reflected directly back to them. My point is that when the standard is set it wants to be set in sufficient time in the season to have a uniform standard throughout that whole season.

*By Mr. Coote:*

Q. Will you enlarge a little on the statement made this morning that when grain was being shipped out of a public terminal the inspector was inside the elevator, and if the grain looked too lean he would check up on it?—A. Yes.

[Mr. A. F. Sproule.]



Q. I have always understood that in a public terminal there was no mixing?—A. No; that is a public terminal.

Q. In the public terminal the man stood inside the elevator and took his sample off the belt inside?—A. Yes.

Q. How could it be too lean or too poor to get into a certain grade, in a public terminal; we understand that all No. 3 is binned together, and the only No. 3 which could be put out of that house would come out of those bins?—A. Yes.

Q. I could not understand your statement in that regard?—A. It might run thinner on the belt than the out-turn grade would stand. Can you not realize that when all the selections that are taking place to-day for mills and mixing houses are made, your grain would be reduced to its minimum, in a public terminal, and it might be so close to the line that a man's judgment might lead him to believe that it was a little below the minimum.

*By Mr. Campbell:*

Q. You mean that the judge might make a mistake?—A. Not altogether.

*By Mr. Coote:*

Q. I am trying to realize the position the public terminals are in. If they said the grade was too poor, what could the elevator people do about that?

That possibly would account, or help to account for the number of public terminals turned into private terminals.—A. I don't know that that would be the case. It is not so profitable to operate a public terminal as a private terminal. The only grain they have to handle is the grain that the private terminals and the mills do not want.

*By Hon. Mr. Stewart:*

Q. There is another question arising out of that, which I thought you might give the Committee some information upon, that is, the skimming of the grade by the mill?—A. Yes.

Q. How would you propose to put a stop to that?—A. By the same policy we have adopted this year ourselves, that is, that instead of allowing the mills to take a sample out of the cars before they are inspected or select grain shipped from certain points in the province, that they have to take the average run of the grain shipped from any part of the province.

*By Mr. Millar:*

Q. That they be not allowed to pick?—A. That they be not allowed to select.

*By Mr. Coote:*

Q. Would you prevent an elevator company from selling certain cars to mills? It seems to me that if you do not, there is nothing to prevent the mills picking out the cars they want, buying from the line companies provided they give them a premium satisfactory to the elevator companies, and then you will be deteriorating the grade when it arrives at Fort William?—A. I think I dealt with that this morning, in this way, that I would put sufficient teeth in the Act to prevent any selections of grain after it had been shipped by the grower. This I think was done once before.

*By Mr. Vallance:*

Q. Supposing a mill wants one hundred cars, it keeps ten and ships out ninety, how would you prevent that?—A. If they persistently ship forward to the terminals grades below the average I would make it prohibitive, or I would give the terminals the privilege of not taking delivery of that grade unless it was entered into the lower grade, as it was done, I think, prior to 1912. If the Hon. Mr. Motherwell were here, I think he would recall that.

[Mr. A. F. Sproule.]

*By Mr. Garland (Bow River):*

Q. We are anxious to find some amendments to the Act which will be of value. How could you prohibit by law a terminal elevator company refusing a grade after it had been graded on inspection, simply because it did not have a higher protein content?—A. Not protein content.

Q. Well, anything you like, turning cars back into the trade. You say you would put enough teeth in the Act to allow the terminal to refuse. How could they under the law refuse it?—A. If they accepted that grain and were responsible for shipping it out by a certain standard. He would be the man to absorb that loss; he must protect himself, and if you are going to have a standard based upon the average run of the grade, or a 75/25 run of the grade, it would be necessary for the inspectors to inspect that grade in the public terminals as well as out. But when it was found that any company selected their grades and were consistently shipping forward the minimum of the grades, they could check that by making them take the next lower grade for their grain, because this grain has not been delivered by the individual himself, it has been handled by the company.

*By Mr. Vallance:*

Q. A car of wheat inspected at Winnipeg, anything I do not care what it is, and it goes forward to the terminal elevators, are they compelled to take it in?—A. Are they compelled?

Q. If a car of wheat going from Winnipeg is inspected at Winnipeg, and the inspectors grade it No. 2, and it goes as No. 2, it cannot go in as anything else, can the terminal elevator change the grade of the wheat?—A. They have the right to appeal it. It is being done right along.

Q. Take a case of one hundred cars; they keep ten and send ninety forward, would they have the right to go back to Winnipeg and appeal those?—A. Under the proposed legislation I hope they would.

Q. After the Winnipeg inspection, it would be ordered back?—A. Yes. They have the right to appeal that inspection.

*By Mr. Garland (Bow River):*

Q. Can you do anything more than appeal that decision?—A. If any elevator company feels that this grain is below the standard of to-day, it has the right of appeal, or else to bring that grain in a bin that they feel would be its proper grade, and absorb the loss as an elevator company.

*By Mr. Campbell:*

Q. The trouble would be that it was below the average?—A. Yes. If a man had sufficient grain coming forward above the average to keep his grain up to the average, or to the 75-25 standard, he would not need to check that kind at all; the natural run, the natural flow of grain would ensure him being able to put out that standard. It would only apply to grain which had been interfered with in its natural flow to the terminal.

Q. What do you mean by interfered with?

*By Hon. Mr. Stewart:*

Q. Would not that whole thing be to strike out the inspection at the terminal; the terminals would be forced to see that they had enough of the maximum to pull their minimum up, and incidentally it would cure the skimming of wheat, because your grain going forward to the Liverpool or foreign markets would be of a higher standard?—A. Would you place the whole of the responsibility on the terminals?

Q. I would place it on the inspection.—A. Would you not think it necessary to have some inspection at the elevator?

[Mr. A. F. Sproule.]

Q. We would try to do away with skimming. But we have not done it yet.—A. This is exactly what takes place, if I can give it to you. A good many of you as farmers know that in many litters of pigs you have a runt. If you allowed your neighbours to come in and select all the best of those pigs, when you came to the runt you would have to find a market for it. You would say to the proposed purchaser that you do not know what he wants for the hogs, but when you do sell you will sell the runt on that basis. That is what we are asking for here. We are asking that our grades be forwarded to the markets of the world, or any other market, on their F.A.Q. of the grades. Argentine and Australia sell their whole crop in that way. What I want is the fair average of the grades to be kept by themselves and put upon the markets of the world.

*By Mr. Young (Saskatoon):*

Q. Suppose there are one hundred cars of oats going through Saskatoon; the Quaker Oats Company buy those one hundred cars, they take out ten for their own use, they do not tamper with them, they forward the other ninety cars; what suggestions have you to make to the Committee as to that?—A. Give the public terminals the right to either take or refuse that grain, when they can prove that it is consistently below the average run of grain from the country.

*By Mr. McMillan:*

Q. After the selections have been kept out?—A. Yes.

*By Mr. Millar:*

Q. Would you consider this a hardship on the mills, to limit their supply to buying from farmers direct, or from the miller?—A. At Saskatoon there is no difficulty; they can take right from the terminals, as they do now, when they want Pool wheat. We stop all selections in the Saskatoon and Moose Jaw yards, and when they want grain from us they take the average run of the cars as they are coming forward. The question you have asked is well put and well thought out. It is one thing we have had to deal with many times, that is, where we might make a sale of grain, they could buy it, but could they re-ship that wheat under the present laws before they unloaded it. If they made their selection of any cars of wheat and shipped it out again, or billed it out again, would they not be breaking the present laws? I think so; in fact I know they would.

*By Mr. Young (Saskatoon):*

Q. Where a milling company has its own elevator, and they instruct their agents to bill direct to their mill cars that are above the maximum grade and send all the others on to the terminal, how could you by law prevent that practice?—A. If you left it to the country elevator operator, I do not think we would have a great deal to worry about, because his knowledge of the grades would not allow him to make those selections too close.

*By Mr. Coote:*

Q. But they have intelligence enough and experience enough so that they can be instructed by the millers as to the type of wheat they want. Do you think there is any way of preventing it?—A. I know there are men throughout the province who have had a long experience in selecting grain, who could do it, and there is only one way to my mind whereby it can be stopped, and that is where any elevator company or milling concern consistently forwards grain to the terminals below the average run of the wheat, the natural run of the wheat, that they be forced to take the next lower grain for their grade.

[Mr. A. F. Sproule.]



*By Mr. Garland (Bow River):*

Q. But they will know that it is a graded car, and that grain, maybe it is No. 3, is dropped into the bin, put into the lockers and lifted out and emptied; how could that be dealt with?—A. Our terminal operators have been up against that problem there with held full cars. There is some difficulty, if a car is going forward with a provisional grade on it. They have to bin it, and take the responsibility of getting it into its proper bin. They would be able to check these cars in the same manner that they check these cars that are held full. The terminal elevator operator has his house inspectors, to make these checks on cars of that kind. This car would be delivered from a certain mill, or elevator company, and he would naturally make a closer check on that than on other cars.

*By Mr. Coote:*

Q. When these cars arrive at the terminal, the terminal operators do not know who the shipper is, or even where the cars are from, do they?—A. No, the terminal operator does not know that. Most of the terminals have their head offices—I think all of them—at Winnipeg, and the manager forwards the cars through to the terminals that he wishes them unloaded at. There would be some difficulty probably on cars in a rush season, where the railway companies would give the terminal whatever they are capable of handling and unloading. But a check would be necessary on grain going into those terminals as well as grain going out. That is the point that I want to make, Mr. Chairman, that if you want a higher standard of wheat you must protect the terminal that is compelled to take wheat that has been skimmed on its way to these terminals.

*By Mr. Lucas:*

Q. Do those cars that the mills select, what we call skimming, have to be inspected when they go through Winnipeg, or do they go direct to the mill without any inspection?—A. No mill has the right to break a seal on any car at any point in the west.

*By Mr. Millar:*

Q. Are you speaking of a legal right just now?—A. Yes. No mill has the right to break a seal on any car at any point in the west, or have that car placed in his yard, reseal it, and bill it out, without unloading it.

Q. If they have the consent of the railway?—A. They have no right to do that.

*By Mr. Coote:*

Q. Is it possible for them to see the samples in those cars?—A. They have got that right, but they have no right to examine those samples before they are graded.

Q. Well, I have seen lots of men in there examining those samples.—A. They have no legal right to do so.

Q. Has the elevator company that handles it for them the right?—A. If they wish, yes. They can give them these samples.

*By Mr. Donnelly:*

Q. Have they not the legal right after they are inspected to go and inspect those samples?—A. They would be diverted then, Dr. Donnelly, in their yards, and when the bill-of-lading was turned over to them they would have no legal right to seal that car up and forward it to the terminals.

[Mr. A. F. Sproule.]

*By Hon. Mr. Dunning:*

Q. The person who is authorized to act for the shipper in Winnipeg has the right to get a sample of the cars, a part of the inspector's sample, has he not?—A. Yes.

Q. That is how re-inspection is brought about?—A. Yes.

Q. Is it not on the basis of that sample that deals with respect to car diversions are made?—A. Yes.

Q. Subsequent diversions?—A. Yes. But if he took that car into his yard he would, of necessity, have to unload that car?

Q. Oh, yes. The diversion is only subject to the shipper, or person or company unloading the grain?—A. Yes.

*By Mr. Garland (Bow River):*

Q. What do you propose to do generally with respect to this situation, Mr. Sproule; you can go into the Calgary Inspector's office any time during the shipping season, in the afternoon, say, and you will find three or four persons present, usually commission men's agents, and also others who are not, and whose only reason for being there is to pick or skin cars. On one occasion when I was there the Chief Chemist of the Western Milling Company and two others were there picking cars. Would you propose that men like that should be prohibited from going into those offices and skinning cars?—A. Absolutely.

*By Mr. McMillan:*

Q. And you say you have prevented it in your section?—A. Yes.

Q. Why not do the same thing all over?—A. I believe all milling concerns have their men at all these inspection points for that very purpose. I have here, if any of you care to look at it, a shipment of wheat to the Washburn Crossly people, containing somewhat in the neighbourhood of a million and one-half bushels, and this grain was all selected. It runs from 1 to 6, to tough 4 and 5.

*By Hon. Mr. Dunning:*

Q. Was it selected in the manner indicated by Mr. Garland, or was it selected because it came from a particular territory, not on the sample but on the point of origin?—A. This shipment, Mr. Dunning, is spread from the East-end to Laurie, Lennie, Rosetown and Davison, any grain that came from any part of the province.

Q. Selected by the sample at Winnipeg?—A. Yes.

Q. And not on the basis of territorial selection?—A. No.

Q. What is your attitude toward territorial selection?—A. Supposing they buy from us 10 thousand bushels of wheat. I would not allow any mill to say what point he wanted that wheat shipped from. We have ignored it ourselves this year. When a miller wants to buy wheat from us he buys wheat on the inspector's grade, and takes the average run of the wheat regardless of the point that it is shipped from.

*By Mr. Coote:*

Q. If you were running a line elevator and some millers came to you and said they wanted one hundred thousand bushels of wheat from a certain district, and offered to pay you a cent a bushel premium on it, no doubt you would be anxious to sell it to them?—A. No, just the opposite. We have turned down a larger premium than that for selected wheat from certain districts. The point I want to leave with you is this, that when mills have the privilege of selecting grain from the territory covered on a map such as this, you may have taken one hundred thousand bushels of grain out of this country but you have lowered the value of all your crop on the world's market.

[Mr. A. F. Sproule.]

Q. The question I asked you was, supposing you were the manager of a line elevator, what would you do in a case like that?—A. The manager of a line elevator company would look to all the profits that he could make in the handling of his business. We would like, as farmers, to get the best possible price for our wheat on its world market value as a milling product.

Q. My question is, if you were managing a line elevator company, not the pool. I put it in that way, and I thought no doubt you would be willing to sell if you got a premium.—A. Yes, no doubt.

*By Hon. Mr. Dunning:*

Q. How do you propose it should be done, Mr. Sproule?—A. Before you came in, Mr. Dunning, my suggestion was this, that the same inspectors who inspected the grain out of any public terminal would have the right to inspect that grain going into that terminal, to see that the grain running into that terminal was up to the average run of the grades. That is the only way, Mr. Dunning, that I can see whereby you are going to protect the terminal against skimming.

Q. If each car can be selected in the manner that you have been describing, the cars that are selected are definitely taken away from the terminal without them entering into the quantity that makes up the average?

Q. How can you, by legislation, ensure that they do?—You can ensure it in this way, that if any companies are known to be selecting cars and diverting them after the grain leaves the country elevator, and persistently carrying on this class of work, they can be forced into taking the next lower grade for their grain. Do you not remember, Mr. Dunning, of a time prior to 1912 when the trade themselves asked that they have this protection on grain that was mixed, or dried, west of Winnipeg? Do you remember the time when your company bought the land at Portage la Prairie, and do you not remember the demand that they made that they have some protection for grain going into public terminals? I would ask that that same protection be given to public terminals to-day. I am inclined to agree with you, but I am trying to get at how, in law, it can be accomplished.

*By Mr. McMillan:*

Q. It seems to me that the only thing to do is to prevent that selection.—A. Yes, to prevent selection.

Q. When an elevator has grain put into it why allow it to send out any grade that has been selected and allow it to do any skimming?—A. Your difficulty, Mr. McMillan is with companies who are buying this grain, who have their own line of elevators in the country. That would apply to line elevators as well.

Q. For instance, supposing that you had a law compelling all straight grade grain to be binned in public terminals, as well as an outturn standard, would you not in that way arrive at the thing that you are trying to accomplish?

Hon. Mr. MOTHERWELL: You are supposed to be able to do everything, I understand, in the grain trade that is not actually prohibitive.

The WITNESS: I think that you are pretty nearly right in that.

*By Mr. Donnelly:*

Q. Mr. Sproule, in the case of this Crossly Milling Company, would it not be possible to say that all export wheat coming from public terminals should be bin run out of public terminals?—A. That is our policy, now, Doctor.

Q. And prevent selection in that way?—A. Yes, prevent selection in that way. And that should be the law, to have mills take their grain directly from

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the public elevators. But you would be up against a problem where there were no terminals, or where there was no grain in the terminals for their use. However, you could stop the selection of cars, unless they took the average run of the cars passing inspection.

*By Mr. Young (Saskatoon):*

Q. Supposing there are one hundred cars going through Saskatoon, and one of the mills there decides to buy those one hundred cars, and after they inspect them they find that there are ten at the top of the grade and ninety at the minimum. How could you possibly prevent them shipping their own grain?

—A. I think possibly we are at cross purposes here. When a mill takes grain—we will say the Quaker Oat Mill at Saskatoon—the grain is put into their yard. They can keep what they want for their own purpose, but when they ship the grain out of that elevator has he not got to come up to the standard that you have set?

Q. He may never have it out of the elevator at all. He just simply reships the cars.—A. He has accepted the bill-of-lading, has he not?

Q. He has purchased the cars?—A. And he has broken the seal. Has he a legal right to-day to seal that car up and ship it along?

Q. If it is his own, if he has bought it.

Hon. Mr. DUNNING: It is a new shipment. He has to pay the freight again and submit to reinspection.

*By Hon. Mr. Malcolm:*

Q. Supposing a mill in Montreal bought from the pool a thousand cars of grain and shipped them right through by rail to Montreal, or to Quebec say, taking them into their own yards, breaking the seals, examining the cars, selecting the best ten per cent; every car carries a certificate, giving it a grade?—A. A certificate final that would be.

Q. Every car carries a certificate. What law is there that we could pass that we could prevent that mill in Quebec from loading that grain right on to a boat and sending it across to Liverpool?—A. That is a mill east of our inspection points.

Q. I am speaking of an eastern mill now. I am putting this hypothetical case, to see that you are not going to give the eastern mill an advantage over the western mill. Supposing the mill was at Quebec. A train load goes through on the Transcontinental; their yard might be right at the dock. They selected the cars they liked the best and put the balance on the boat for shipment to Liverpool, and sold it as the grain that was inspected.—A. I do not know that they could do that. If any mill, or company, wanted to buy east of our inspection point and re-sell it again they would have a perfect right to do so, but they would have to come up to the legal standard on that wheat, and it would have to be accompanied by government certificates.

Q. What I am trying to make clear, Mr. Sproule, is that those cars would be accompanied by government certificates. Each car is an unbroken unit. What I am trying to find out is what would prevent them from passing that through to Quebec over the Transcontinental and sending it with the certificate which they had for it, right over to Liverpool.—A. They would have no right to unload that car at their mill.

Q. They would not unload it?—A. They would have no legal right to forward that car on. It is their wheat, but they have broken the seal of that car. They cannot bill that car out again under a governmental certificate. It would have to be reinspected.

Q. Supposing the inspection were right in the first place, would it not be reinspected and given the same grade again?—A. Quite probable, because when

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you get that car that far east, regardless of what point they would be at, they would have the standard grade. They would be the average of the grade, or the standard, or whatever you decided on as an out-turn standard.

Q. So that the cars would likely be reinspected.—A. Regardless of what company they bought it from, it would all be in the same, all one standard.

Q. Why do you say that, Mr. Sproule? You explained this morning that a car from the southern part of Saskatchewan in the area where a higher protein is produced, would be more valuable, and would be the type that the mill would skim?—A. Yes.

Q. Well, I am taking the hypothetical case of a train load of grain, coming straight through from Moose Jaw on the Transcontinental to Quebec in the winter time without going through via Port Arthur.—A. He would have, under the present system, the right to select those cars at Winnipeg or any other primary inspection point, take them out and ship them forward if he wished to do so. But that is the thing that we are wanting to eliminate.

Q. I appreciate that fact. I appreciate why you are asking that with regard to the western mill, but what is to prevent a mill in Quebec, let me suggest, from taking a train load of grain from Moose Jaw, having purchased it there, right through on the Transcontinental to Quebec, and then doing his selecting in his own mill yard and selling the rest?—A. Shipping the balance out?

Q. Shipping the balance out of the country.

Mr. MILLAR: On the certificate.

*By Hon. Mr. Malcolm:*

Q. On the certificate which accompanied the cars?—A. How could he have a certificate. If they break the seal they would have to be inspected, would they not?

Q. Each car is a separate unit.—A. He has taken that responsibility on himself. If it was the grade that he bought there would be no reason why he should not get the same grade out.

Q. No, I quite appreciate that fact. It would almost appear that an eastern mill could do what a western mill could not?—A. No. If to-day an eastern mill wants wheat delivered from any of the terminals at the lower lake ports, they get the average run of the grain under the certificate final. Is that not correct? If he selects his cars and any company gives him the right to select those cars at Winnipeg, then his selection might be a little better than the minimum of the grade, but it is his wheat and if we change the Act to bring it to a certain fixed standard, there will be no difficulty at all. To-day, if he wanted the privilege of getting the selection, he would have to put a man at the inspection point and pay a premium for that privilege on all those cars.

*By Mr. Garland (Bow River):*

Q. Getting back to Hon. Mr. Malcolm's question: This hundred cars would be selected at Moose Jaw by a miller of Quebec, shipped direct to Quebec, and he would pick out ten cars for his own use, and turn the balance over to re-inspection and unloaded off of the certificate final, possibly—or probably—again being mixed (that is in dispute)—the point Hon. Mr. Malcolm is raising is that the miller in Quebec can quite logically do that if he wants to go to that trouble; he can have the balance of his wheat re-inspected and located in a terminal in Quebec and shipped abroad.—A. Under the present system of inspection, Hon. Mr. Malcolm should know more about it than I. I do not know that our inspectors at Winnipeg have any jurisdiction over this grain after it leaves the Winnipeg yards. Is the government willing to take the responsibility of any grain shipped by any terminal east of here to the government terminal at Montreal—

[Mr. A. F. Sproule.]

*By Hon. Mr. Dunning:*

Q. That is hardly a practical question for the reason that it just does not happen that way. In your experience do you not find that the eastern mills take their stuff by boat, and they get a cargo inspection on it ex Fort William or Port Arthur, and they put it through our transfer house at Port Colborne, if it is bound down the St. Lawrence, and they get there on public certificate.—A. There is considerable cost attached if they ship through by rail.

*By Mr. Donnelly:*

Q. Do you not think that this year they would be liable to lose their grades? You say we have a standard at Winnipeg and another at Fort William. If they took the standard at Winnipeg and forwarded it on that standard, a lot of these standards would not come up to this export standard which we have now at Fort William and they are liable to lose their grades?—A. I do not think that could be shipped out of any mill east of here. Would the government think of allowing any mill to ship out wheat after it had been unloaded down there, or would they allow mills to break the seals, shipping that grain forward without inspection? If that is allowed, you have no control over the eastern shipments at all. I do not know as that is done to-day. When we ship from our terminals east it is loaded on the cars and shipped directly through; all our wheat is billed directly to the terminals at the head of the lakes.

*By Hon. Mr. Malcolm:*

Q. I was taking a hypothetical case, assuming that the miller was the owner of the wheat that was left, and would have left wheat with a certain grade on the western inspection; he might choose to make a private sale on sample to the Liverpool market and still that grain going out of Canada would not be as good as it was before it was skimmed?—A. No.

Q. In passing improvements to the act, you have to deal with hypothetical cases which may arise by virtue of the improvement and I was trying to figure out if the correction you suggest would deprive the western mills of the right of selection, and leave, by some evasion, a privilege to the eastern mills which the western mills did not have. I am thinking of a hypothetical case. A man might try to devise something for selling it himself.—A. He would have to assume full responsibility for that grain.

Q. He would still have succeeded in selecting ten per cent of the best care for his own flour.

*By Mr. Millar:*

Q. You would not raise any objection to a miller buying a hundred cars, using ten of the best, and selling the rest on sample?—A. Not if he wants to sell the balance on sample. That is his responsibility, and you cannot prevent that.

*By Mr. Fansher (Last Mountain):*

Q. The shipment which would be below the standard would not affect the price of a standard sample very much?—A. If he took one hundred cars of wheat, as you have given us here, and kept ten of those—he found ten of them suitable to his purpose—he would have eliminated one hundred cars of the average of the grades from the market so if he had to sell the balance on sample he would not have lowered our standard.

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*By Mr. Millar:*

Q. Any grain sold on sample does not tend to lower the price of that which is sold on grade?—A. I understand that, Mr. Millar, but the point I wanted to make was this, that he cannot get the balance of his shipments into any grade; it would have to go on the markets on sample, and in that way he would not interfere with the standard at which it had been shipped from the head of the lakes.

Q. There is one question I would like to ask him in regard to the illegality of breaking seals. You had a case of 45 pool cars on a siding at Saskatoon. The evidence showed that a representative of the pool, a representative of the railway, and a representative of the line company supposed to own the grain, broke the seals. Is there any illegality in that?—A. If those representatives were given permission, it gives them the legal right to make that examination.

*By Hon. Mr. Motherwell:*

Q. Why did the pool stop selecting cars?—A. Because we felt it was poor policy; it tended to lower the standard of the outgoing cargoes.

Q. Has anybody else followed your example?—A. I cannot say, Mr. Motherwell.

Q. Have you any difficulty in enforcing that?—A. When we first put that policy into effect we did have considerable difficulty to make it stick.

Q. It had to become a habit?—A. It had to become known as the policy of the pool.

Q. I think it is a good one.—A. We had to place men there to see that it was adhered to.

*By Mr. Donnelly:*

Q. Did you have any trouble in having your car order book put into effect in the ordinary manner?—A. Yes, we had difficulty at many points where they took advantage of the act as it applies to the car order book. We have always expected trouble. This year we had considerable difficulty. I think Mr. Milliken placed before you the provisions he would like to see introduced into the act to eliminate that difficulty in the future. You know the act as it is now constituted gives any grain company, including the pool, the right to order cars for himself and proxies covering a large number of growers. That made it possible for one man, if he was the first to the book, to sign for himself and fifty other farmers who wanted to deliver at his house. The change in the act that we are asking for is that no man have the right to sign more than one proxy and give every one present the right so sign for a car for himself and one proxy.

*By Hon. Mr. Stewart:*

Q. Why do you give them even one?—A. Because of the inability of some farmers to be present, through illness, or being away at the time the car order book was opened.

*By Mr. Garland (Bow River):*

Q. You are acquainted with section 140 of the act, subsection, at page 49, of the copy I have, which says:

(5) Provided that at any time it is deemed advisable and in the public interest by the Board of Grain Commissioners, it may, with the approval of the Governor in Council, demand of any private elevator where mixing is practised or any public elevator which receives grain from a private elevator that all such grain when shipped out to be covered by certificates that have marked across the face thereof in red or other distinguishing letters the words "from a private elevator."

Has that ever been done—A. Not that I know of.

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Q. Would it have done any good if it had been done—A. Well, that is a pretty hard question to answer, knowing it has not been done and tried out. I can only express an opinion.

Q. What is your opinion?—A. My opinion is it would have been to the great advantage of the growers of grain if this had been done ever since mixing was practised.

Q. Do you know of any attempt ever having been made to get the Board to secure such an Order in Council?—A. No, I do not.

*By Hon. Mr. Dunning:*

Q. Do you know why there was no attempt made. The question of breaking bulk at Georgian Bay ports had a bearing on it on one occasion, I remember.—A. The great difficulty in bringing any of these new measures into effect has always been that we have not sufficient terminal capacity at Montreal to handle a great volume of grain, and any change of that kind would slow up the handling of grain. If you marked "private elevator" over these certificates of that grain it would of necessity have to be specially binned. It could not go into the same bins with grain from a public elevator and in that way you would tie up your handling at the seaboard ports. That was one of the arguments which has been submitted against any of these changes which we have been considering this last while back. Another one was that no one was interested in having this certificate changed. I think you know that the trade in general has been pretty much interested in increasing the volume through the mixing house for the profits which were in it.

*By Mr. Coote:*

Q. Have you any difficulty in securing cars to ship your grain out?—A. You mean as growers?

Q. A car shortage?—A. Yes, we have had a tremendous car shortage this year. This is the first time it has applied to any great extent to the southern part of the province but it always has been that some part of the west has had a car shortage.

Q. I wondered if you lived in a part of the province which had only one railway serving it, where there was no competition?—A. We have mostly the C.P.R. lines in my district. The Canadian National has considerable trackage in there, but even at points where the two lines meet there was no better car service than at any other point this year.

*By Mr. Lucas:*

Q. Is it your opinion that the 75/25 standard was set at primary inspection points, and if it were the same at Fort William would it eliminate a great deal of the evils of mixing and skimming?—A. We do not ask for that at primary inspection points.

*By Mr. Donnelly:*

Q. You think that mixing should be stopped?—A. Yes.

Q. And that you have the 75/25 as an outturn standard as well?—A. Yes.

*By Mr. Lucas:*

Q. I am of the opinion that if 75/25 was set out at the primary inspection point where the original grain first comes from the farmer, and then if he had to live up to that going out of Port Arthur and Fort William, the company shipping would not be able to divert any of the higher class grains, or else they could not get any of their standards out at the other end.—A. How

could farmers ship forward their grain? Oh, I see your idea now. That would take practically all the profit out of mixing. It would be sufficient to cause, to my mind, ninety per cent of all private elevators to become public elevators, if that standard was set, and all companies forced to adhere to that standard.

*By Mr. Campbell:*

Q. Might it not have the effect of loading the grades out of all the public terminals? Would they not lose grade?—A. They would have to assume the responsibility for that.

Q. Instead of putting the private terminals out of business you would put the public terminals out of business.—A. I cannot see it that way. If grain was forwarded to these terminals on the average run of the grade without any selection by mills or mixing houses—

Q. That is a point, but taking the conditions as they exist to-day, grain going to the public terminals is at a minimum. If you made an average grade placed on the average out of there, you inflict a loss on that public terminal and put it out of business.—A. Yes. Our technical men say that we as a pool can do this without any difficulty. We feel that we can do this in the interest of the producer, and that will apply in the interest of any man who is growing grain where our elevator operators feel that it would be no handicap to the operation of their houses we have asked that this become a part of the regulations regarding the handling of grain. If there is any doubt that this cannot be done by other elevator companies, there is only one thing they can do to protect themselves, and that is to compel all grain of straight grade to be binned in public elevators.

*By Hon. Mr. Dunning:*

Q. On that point, why do you suggest that this 75-25 per cent arrangement with regard to standards, to prevent mixing, rather than to go back, if the farmers are allowed to do so, to the old system, where the grain terminal was a grain terminal and where the grain had to be binned with like grain, and a hospital was a hospital; why the complication? Why not go back to the binning of the grain in a straight bin, and have hospital treatment in the hospitals; what is your objection to that course? I have no objection to that course.

*By Mr. Millar:*

Q. That is what you are in favour of?—A. That is what I am in favour of.

*By Hon. Mr. Motherwell:*

Q. Is not that 75-25 per cent the real basis?—A. Yes, Mr. Motherwell, there is some thought that when Manitoba delivers its grain early in the season, that they cannot quite come up to the average run of Saskatchewan wheat. There is some thought again that some parts of Saskatchewan cannot come up to the average. We have one standard for all grain in the West, and we in the Province of Saskatchewan are willing to make it possible for one standard to be shipped out from all shipping points.

*By Mr. Donnelly:*

Q. The Pool of your Province, of the Province of Saskatchewan, are in favour of doing away with mixing entirely?—A. I think you know that.

*By Mr. Millar:*

Q. At the beginning of the meeting I asked that you be allowed to deal with a certain matter, but you were not through with the matter you were dealing with at one o'clock. We have dealt with a dozen matters since, and it is now

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ten o'clock. I think it is only fair you should take up the matter I suggested?—A. I think the question you introduced this morning was one of the protein value in grain. I do not know why Mr. Millar is so much interested in that particular quality of grain, because by the look of this map there is not much of it in the district he represents.

Q. I am interested in all the business?—A. Be that as it may, it is a thing that I feel has to be developed in the future. There is not sufficient knowledge to-day of this quality in grain to do anything definite. If we do not start some time, we will never be in a position to do anything definite. Mr. McMillan did not think I was going to qualify my statement in this way, that if we do not start some place we will never be in a place to do anything definite. It has been worked out in some of the States of the Union satisfactorily to the grower. I have seen it in operation in the United States. Take the Montana border, for instance; when you are growing the same kind of wheat, and there is an invisible line between your farm and the other fellow's farm, and he is able to get thirty cents a bushel for the protein content in his wheat, which is exactly the same as the wheat growing here, it creates discontent in the Canadian farmer. That has happened many times. We have many questions to answer in regard to the protein content, and we have had chemists examine our grain. We are placing great faith in the Canadian Research Council, but to-day we find that no two accounts agree the one with the other as to the protein value of grain, but we do know that mills are selecting grain from districts that are high in protein content.

*By Hon. Mr. Dunning:*

Q. Provided there is no other form of damage?—A. Yes. Our Ones, Twos and Threes do not allow much damage from weather conditions in those grades to damage the protein content in the wheat. Much has been said which is misleading, as to the protein content value in wheat. We have a lot to learn, but I feel that if we would introduce a system of establishing a certificate of the protein content in our contract grades of wheat, that if there were any value to be found in this wheat we could then bin it according to the demand for this kind of grain, or we could give any part of the Province that produced that quality of grain some premium, but as it is to-day, we have no knowledge, and if we do not do anything we will not have any knowledge twenty-five years from now.

Q. If you did that, would that not be skimming and lowering the average quality of the grain?—A. That is a point I want to bring up. Our map here states that there is 12.98 per cent of an average this year of No. 1 Wheat. If that is worth \$1.25 a bushel on the average, what is wheat worth with ten per cent protein as compared with a fifteen per cent protein? If you want the farmers to continue growing the best grades of grain, the best varieties of wheat rather, and to continue to do good farming, you must give some incentive to farming, if we must continue dry farming in the south and the great central part of the Province, which you will see is a protein district, at considerably more cost than the northern part, without consideration for the quality of grain they are growing, how long will the farmers continue to grow Marquis wheat when there are other varieties that will give them the same reward. My idea is that if the average run of grain is worth \$1.25, and you find that to come up to that average run, one part of the Province subscribes a wheat with ten per cent and another part of the province subscribes a wheat with fifteen per cent protein, some consideration should be given to the country which produces the highest protein wheat.

[Mr. A. F. Sproule.]

*By Mr. Coote:*

Q. What legislation do you suggest?—A. That a protein certificate be issued on all contract grades.

Q. Would that not at once lead to skimming?—A. I hope not.

*By Hon. Mr. Dunning:*

Q. But the man who pays more for it wants to get that particular wheat; if your crop is available to the markets of the world because of its average, I would not think for a moment of using a protein certificate to skim your wheat. What I would use it for would be to adjust the value in the grade to the man who produces that value. Somebody must pay for that wheat?—A. Absolutely.

Q. The only way the man who grows it can get more for it is by getting more from the man who buys it?—A. We hope to secure a Class A and B in Tough Wheat, so that the spread from 14.4 to 17 per cent moisture can be settled with on the basis of the moisture content which was in that grain when the individual delivered it. The same thing would apply to this. If you shipped the grain out, you could settle with him on an initial payment of four per cent spread. He has his consideration already taken care of.

*By Mr. Coote:*

Q. In other words, you consider making that one of the paramount definitions of the grade, this same protein content; is that your idea?—A. I would not like to see that used as a factor in establishing a grade.

*By Mr. Millar:*

Q. Just what are your objections to that?—A. With the knowledge we now possess of the matter, I am afraid of the difficulties of grading grain, in a new definition of that kind.

Q. Just what are the difficulties; that is what we want to get at?—A. It would mean, Mr. Millar, setting up machinery to grade all grain. Without the new type of machinery no grade could be placed on this grain until you had found the protein content in that grade.

Q. It is merely a matter of the cost?—A. It would be a matter of establishing machinery. To-day, if a protein certificate was issued on No. 1, No. 2 and No. 3, using all the other parts of the Act as they are now constituted, I cannot see that it would create any difficulty for you. You would not be bound to consider that all in the selling price of the grain. It would be only for the knowledge of the country producing the grain, and your knowledge of it as well.

Q. Do you mean that it would not be any advantage at all?—A. I cannot see that it would be of any advantage to us now, Mr. Millar, with the knowledge we have. Protein is something which is very indefinite, I mean its value to the grower is so very indefinite, and we have so little knowledge of it, although we are growing a very high protein grain, I would not like to see anything done in the grading of grain on a protein basis until we had sufficient machinery and a new system for grading it.

Q. There is any amount of experience on the other side of the line, and the mills in Canada know a lot about it?—A. There are so many things besides protein, the quality of the protein, and the uses it can be put to.

Q. In the higher grades, quality and variety are sufficient?—A. Our mills get sufficient protein in the average run of the grade for their purposes, and to my mind, if we had a certificate attached to the regular certificate of inspec-

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tion, setting out the amount of protein in that grain, we could from that develop to any other system. I have here certificates that are used in the state of Minnesota. This certificate is issued by the inspector. By the time he is through with this, there is another certificate issued by the laboratory attached to it, giving the protein content in that particular grain, and it is binned according to grade. If you knew your grain was carrying when binned a certain amount of protein content, you would know at once that your quality was fairly good. You could then tell the markets of the world what was in the particular shipments you were sending forward.

*By Hon. Mr. Dunning:*

Q. I do not see its practical application?—A. I am a bit afraid of that myself, with the knowledge that we have to-day, that it is a practical thing.

*By Mr. Garland (Bow River):*

Q. There is one statement I hardly like to pass by unchallenged, that is, that it is cheaper to produce wheat in the north country or the brush country than on the prairies, I come from a prairie district, which is one of the highest protein districts in Canada, and I want to say that for every farmer you would find willing to trade his farm for a brush farm, you would find one hundred ready to come down into perhaps the more difficult farming districts. The fact is that the average farmer with a tractor, or sufficient horse-power, can farm better on the prairies than in the brush country. It is hardly fair to say that you can produce wheat as cheaply on the average in brush countries as on the prairies.

*By Mr. Howden:*

Q. Has the soil not a great deal to do with it?—A. I do not think the soil has so much to do with it. It is the condition under which the grain is grown. Take the drier belts; your wheat is ripened up that much quicker on the land. Our chemists tell us that the reason his protein content is in the wheat, is the hasty manner in which it is ripened in the latter part of its development.

*By Hon. Mr. Motherwell:*

Q. The drier the air, the higher the protein content runs?—A. Yes.

*By Mr. Howden:*

Q. As the land gets older, the protein content runs out?—A. I believe that will follow as the land becomes older. It will decrease, to a certain extent.

*By Mr. Donnelly:*

Q. Will you not get more protein content with a summer fallow?—A. I do not know about that. I hope to be able to meet the hon. member from Alberta before train time to-night, to discuss this matter of the cost of producing wheat in a dry, open prairie country, with its risk of hail storms, dry winds, and a third of your land turned up to the sun every year to conserve moisture. I think there is a lot I can tell him about farming in a dry country.

*By Mr. Fansher (Last Mountain):*

Q. May I ask this question: is it not stated by chemists that land sown in alfalfa or sweet clover produces considerably more protein than land not thus sown?—A. I believe I have read statements by agricultural colleges to that effect.

Q. Then the soil has as much to do with protein wheat, and good farming has as much to do with good protein wheat as the climate of which you speak?

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—A. I will not disagree with you. I know our country is practically new, and I know there is a great selection of wheat takes place in that country every year. I know it is the mills and mixing houses that make this selection. It must be some peculiar quality of the grain, or they would not be willing to pay these premiums for the privilege of selection.

*By Mr. Coote:*

Q. You do not consider yourself as an expert on the line Mr. Fansher speaks of?—A. No.

*By Mr. Donnelly:*

Q. The evidence is about finished, I expect. Would you mind telling us definitely what the farmers in your district are demanding, in the way of legislation, or expecting in the way of legislation here the chief points they are asking for?—A. Yes. I think I have a memorandum on that some place.

Q. Can you tell us offhand?—A. The one important thing is the elimination of mixing. I would like to have that memorandum. I know I had it in my hand a few moments ago. We as a body of producers from the west are asking for an out-turn standard comprising 75 per cent of the average of the grain passing primary inspection points, and 25 per cent of the standards.

*By Hon. Mr. Dunning:*

Q. 25 per cent of what?—A. Of the standard.

Q. Let us understand what you mean. You are now suggesting the setting of a standard outturn from the terminal?—A. Outturn from the terminal.

Q. To be made up of 75 per cent of what?—A. 75 per cent of the average of the grade.

Q. The average of the grain passing the inspection point at Winnipeg?—A. Yes, or any inspection point.

Q. And what is the other 25 per cent?—A. 25 per cent of the standard.

Q. Well, what is the standard?—A. The standard is that which is used by the inspectors that identifies one grade from another.

Q. You mean the minimum?—A. The minimum, yes.

Q. 75 per cent of the average and 25 per cent of the minimum?—A. Yes.

*By Hon. Mr. Motherwell:*

Q. What per cent is that less than the average?—A. That would be twelve and one-half per cent less than the average.

Q. We got along pretty well without that composite sample up to a few years ago; why cannot we get along without it now?—A. Mr. Motherwell, I feel that it is highly important to have a legal outturn standard as nearly as possible to the average of the grades going through the inspection points.

*By Mr. Garland (Bow River):*

Q. And you regard that 25 per cent of the minimum as a sort of leeway?—A. It would only be twelve and one-half per cent below the standard as a leeway.

*By Hon. Mr. Dunning:*

Q. It is very easy to talk in percentages. You know that our standard grades are defined in law as contained not more than a certain percentage of damaged kernels to put in a sample to be used as a standard, 25 per cent of the minimum of that grade. It means that you are putting in 25 per cent of that wheat within the grade which contains the maximum of damaged kernels allowed by law within that grade, does it?

Q. Does not that have the effect of pulling down the sample.

Hon. Mr. MOTHERWELL: There is only 25 per cent of it, that is what you mean?

[Mr. A. F. Sproutle.]

*By Hon. Mr. Dunning:*

Q. But that 25 per cent contains a maximum of damage within the grade. What effect will the introduction of 25 per cent containing a maximum of damage have on a sample which already contains the average, which would be half of the amount of damaged kernels; percentages are funny things when you come to fit them together.—A. The men who are operating our elevators, the men who are inspecting our grain for us, that is, our own inspectors, claim that it would be twelve and one-half per cent below the average of the grades passing their inspections.

*By Hon. Mr. Motherwell:*

Q. Well, Mr. Sproule, could you guarantee that it would not mix to the extent of that leeway?—A. Within the grade?

Q. No, not within the grade, but mix the grades down to the extent of that leeway?—A. You want a straight answer, Mr. Motherwell?

Q. Yes.—A. It does give some leeway for mixing.

Q. Yes, I am afraid it does.

*By Mr. Garland (Bow River):*

Q. Do you think the pool would have any objection if the Committee decided to recommend that the outturn standard should be 100 per cent of the average?—A. The Saskatchewan farmers would not. But I want you to remember this, that there are three provinces trying to work together as nearly as possible, and we in Saskatchewan do not want to shove down the throats of those in Alberta or Manitoba something that they do not find possible to do.

*By Hon. Mr. Dunning:*

Q. When grain is going forward it is not identified by provinces. If Manitoba produces as you say—and I do not know whether it does or not—or has a tendency to produce the minimum of the grade, that grain belonging to that farmer is inspected in Winnipeg as No. 2 Northern. It happens to be the minimum 2. It goes down to Fort William in a train load of grain that comes from heaven knows where. How can Manitoba be injured by the other provinces supplying slightly higher than the average of the grade? They are helped instead of being injured.—A. Mr. Dunning, those are cases that have actually happened this year. Their standards in Manitoba were fairly high this year. I believe there were something around 40,000 bushels of grain that passed inspection at Winnipeg as No. 1, and was binned as No. 1 in their own terminals. When they loaded that out they got a No. 2 for it. It was binned exactly as it went in to their elevator, never one bushel of it mixed. They submitted the certificates to the inspectors covering this grain as it went in, but it was all so close to the line that on the outturn the inspector put it in the next grade.

*By Mr. Millar:*

Q. Who stood the loss in that case?—A. There was no loss, because the inspectors eventually put it in the No. 1. That is one reason why we in the province of Saskatchewan agreed to the standard, to give a little leeway to work under conditions of that kind.

*By Mr. Lucas:*

Q. That average would be made up of the mix of all within the grade?—A. Yes; it is just to take care of circumstances like that.

*By Mr. Campbell:*

Q. One terminal may have pretty much of a minimum going into it; another may have the average, while another may have the maximum. How would you equalize it as to terminals?—A. I can answer that in this way. There

[Mr. A. F. Sproule.]

is the map. The black spots that you see on that map are farmer-owned terminals. They are pretty well equal all over the province of Saskatchewan. We would have no difficulty as far as we are concerned. If other elevator companies had their elevators spread throughout the province in such a manner there would be no difficulty as far as they are concerned.

Q. I am referring to the terminals, not to local elevators. One terminal might have the bulk of its grain going in as the minimum. I think it is the practice to send the minimum to the public terminals, and the others might have considerably higher than the average going to them.—A. I see your point, Mr. Campbell.

Q. Here is a public terminal. I believe the practice is for companies to send their lower grade stuff, the minimum grade, to the public terminals, and the other stuff to the private terminals. Is not that the practice that is followed?—

A. I feel myself that if you could compel the elevator companies, that is, the terminal elevator companies, to adhere to that standard, you would have to make it illegal to bin any straight grade grain in other than public elevators.

*By Hon. Mr. Dunning:*

Q. Reverting to your 40,000 bushels for the moment. If the system which you are advocating officially were in effect to-day would not that 40,000 bushels have been bound to go down into the lower grade? Remember, it is 40,000 bushels of minimum from the province of Manitoba, which, according to your suggestion, would be inspected outward subject to a sample made up of 75 per cent and 25 per cent—75 per cent of the average, and 25 per cent of the minimum. Why, it would be an absolute certainty that Manitoba would get it in the next every time.—A. The man who reported this condition to us, a condition that arose this year, said that if that happened they would have to hold that grain until sufficient grain came forward to bring it up to their's. We are not asking that to be done away with, mixing it within the grade.

Q. They would have done it a great deal easier than you propose.—A. The two things that we want, Mr. Dunning, are a standard that we can adhere to on the outturn, and at the same time guarantee uniformity of the grain going to the export market.

*By Mr. Garland (Bow River):*

Q. Is it the idea that that should apply to all grades of wheat?—A. All grades of wheat.

*By Hon. Mr. Dunning:*

Q. All straight grades or off grades?—A. All grades.

Q. Off's and everything else?—A. Yes.

*By Mr. Campbell:*

Q. You would have to eliminate private terminals altogether, making them all public?—A. I feel with this legislation that that is what will have to take place, that there will be no private elevators.

*By Mr. McMillan:*

Q. They would all be public terminals?—A. Yes.

*By Hon. Mr. Dunning:*

Q. I put it the other way because there always has been provision for what was originally called the hospital elevator. Would it be practical to force every terminal elevator to go back into the public terminal business, and have no provision at all for handling shipments of all grade grain?—A. No, I do not think so.

[Mr. A. F. Sproule.]



Q. You made it appear that it would be.—A. Just to the extent that there was a sufficient supply of off grades grain to make the hospital elevators profitable.

Q. What would be the result at Fort William if the law were to provide that all straight grain would be binned only in public terminals?—A. At Fort William and Port Arthur I would think that at least 90 per cent of the terminals there that are now operating as private terminals would operate as public terminals.

Q. Then do you think we could prevent mixing between the straight grades? Could we supervise binning sufficiently close to ensure that the law was carried out, that six was binned with six, and five was binned with five, and one was binned with one, and only one?—A. Yes, I think that could be done without any difficulty.

Q. And if that were done you would have no objection to off grades going into private terminals?—A. None whatever.

Q. You mean to say you would allow the private terminals to skim all grades just the same?—A. The off grades could be used in private terminals to condition.

Q. Now, what are they going to get out of it? What grain is going out of those private terminals? I mean, what kind of grain is going out?—A. It would have to come up to the standard that was set.

Q. And you would not regard that as dangerous at all?—A. I would not regard that as dangerous.

Q. Supposing we went further and said that private terminals could only accept off grade grain, qualified grades; supposing we went further and said that no private terminal to get a straight grade inspected out, what would be the effect of that? I mean that no grain going out of a private terminal should be graded straight grain.—A. Mr. Dunning, I do not think, considering the condition that some grain comes forward in, that that would be fair to all the off grade grain.

Q. What exceptions would you make?—A. If grain went forward in such a manner that it could be separated, like rejected for wild oats, or rejected for flax, that when the other condition was taken away so that it was fully as good in standard as the other, I would not object to that going in.

Q. Then, supposing instead of allowing rejected, either seeds, or wild oats or flax, from going into private terminals we allowed them to go into public terminals?—A. Well, I have no objection at all. Neither are we asking to prohibit grades of that kind, or grain of that kind from going into a public terminal. We would not think of debarring the public elevators from taking in grain in that condition.

Q. No, no, I am not suggesting that. Naturally, the rejection, of course, would be put on the private terminal. It would be up to them to raise the objection quite properly, that certain classes of grain which are subject to cleaning, and the grain when it is separated from whatever impurity it has in it, is straight grade grain. Then I say, let us debar them from accepting that and give the public terminals that business. You would not suggest that there is in that off grades that could by any process of manipulation be conducted into straight grades?—A. If they can be separated—

Q. You would not regard scouring, for instance, as being capable of bringing grain back into the straight grades?—A. No. In time, you introduce this in straight grade grain: you lower the value of your straight grade grain.

[Mr. A. F. Sproutle.]

*By Hon. Mr. Motherwell:*

Q. Should there be a government inspector in every public terminal on the map?—A. Yes. You have a system of sampling the grain now that is being used, that is an automatic sampler taking the grain off the belt, and you can have that checked sufficiently to protect our terminal.

Q. Is there a government inspector in each terminal?—A. That is the practice now in all public terminals.

Q. There are no public terminals in reality.—A. There are four.

Q. No.—A. We are handling a large volume of grain throughout our terminals. The government elevator does not handle a great deal, because it is only when the others are full that that is made use of.

*By Hon. Mr. Dunning:*

Q. Following that suggestion of mine a little further, Mr. Sproule, if that restriction were placed on private terminals, that they could only receive off grade grain other than those which could be separated by cleaning, and could not ship out straight grade grain, do you think that that would still be a proper latitude for the private elevators?—A. I think that the private elevator then would become known as a purely hospital elevator, that the private elevator would be a thing of the past, because, Mr. Dunning, my belief is this, that anything that is done after the grain had a certificate issued on it by an inspector of the government, that deteriorates or depreciates its value from that time until it reaches its natural market, it has taken an unfair advantage of the grower.

Q. You recognize, because of the peculiar types of damage that we have some system of treating that grain?—A. Yes.

Q. And we need some system which will get us away from our own multiplicity of grades and make the grades sufficiently small in number by mixing of some sort to enable them to be shipped in bulk.—A. That would go to the market then, as a sample shipment.

Q. If the suggestion I am outlining were followed, it could go as a grade from a private terminal, carrying an ordinary certificate, but it could not be a straight grade. Now, the question I am asking you is, could private elevators function legitimately and with reasonable profit under such a system?—A. Yes; because we have a large amount of grain which needs conditioning in the west. It varies from year to year. One year it may be grain that is frozen very badly, or mixed with wild oats, or other grains, flax, rye or barley. Other years it may have sprouted so badly that it has to be dried and cleaned. That is work for the private elevators and the hospital houses.

Q. Would there be any objection to any elevator taking this sprouted grain and giving it three or four elevations and then taking in some smutty 3, which has been secured and some tough 2, which has been given four or five elevations, just to bring it into the moisture line, and getting an off grade, but a better off grade than any constituent part of it? Would there be anything wrong in getting that done, from the growers' point of view? Would it be a legitimate business, and would it be beneficial or otherwise to the growers?—A. I think it would be beneficial to the growers; in fact, it would be necessary to establish elevators to take care of the grain in a condition you have just mentioned, and put it in —

Q. You would not object to their making money by mixing various off grades with each other?—A. No; we do not object to any man making a fair profit on the work he is doing to condition grain and put it in such shape that it can be forwarded to these markets. For instance, damp wheat must be dried—

[Mr. A. F. Sproule.]

*By Mr. Coote:*

Q. You would want a distinctive certificate put on that?—A. Either that, or sold on the sample market.

*By Hon. Mr. Dunning:*

Q. Why would you need a distinctive certificate, when, as a matter of fact, the certificate it would get coming out of the private terminals would have to be a certificate of off-grade? You mean distinctive as between a private and a public elevator?—A. It would be the same thing. For instance, take your numbers 5 and 6 wheat of to-day: It would be a straight-grade grain, but it would carry a certain percentage of all these conditions you have just mentioned.

Q. But be a straight-grade grain?—A. Yes.

Q. But a private elevator could not ship out a straight 5?—A. That is the complication. I do not want to lead you into any confusion. It might even be better than a straight 5, and in fact, although carrying this certificate, would have a greater intrinsic value than a straight 5, and yet they would not be allowed to ship that grade at all?—A. I dealt with that this morning in this respect. I shipped forward a wheat grade 5 by an Inspector on account of the one physical defect—frost, but when it had been mixed properly, it might carry every physical defect you can think of in the wheat; it might have a small percentage of sprouts or a small percentage of smut, some rye, some barley, other conditions as well; whereas, what I, as the deliverer, would be faced with would be simply the one discount of frost.

Q. What would you think of this criticism of the suggestion which I have made? Remember I am now criticizing the suggestion I myself made. As a matter of actual fact the treatment of several off grades mixed together in a private terminal might produce a wheat which was actually a number five—intrinsically a number five, according to the standard straight grade five as set?—A. Yes.

Q. How would you meet the argument of the mixing house not being allowed to take in a straight five but producing a straight five by treatment—should they be allowed to ship out a straight five?—A. I made a statement this morning that in appearance wheat shipped out of a mixing house was often better than straight grade grain running out of a public but in milling value it was not equal.

*By Mr. Coote:*

Q. Mr. Sproule, there is one point which was overlooked here just lately. Where a large proportion of the grain is damp and tough, like we had two years ago, if you did not allow that damp and tough grain to go into a public terminal, do you think there would be capacity?—A. No, we would not stop it. Our public terminals are the plants our dryers are in. Number six, which we leased from the Canadian National, has an enlarged dryer; in number seven we have a dryer and sufficient space to put in another; in number four, we have another one.

Q. I understood you to say that nothing but straight grain— —A. No; they may put damp wheat in a public elevator and you would do exactly the same as you would do to-day, issue a dried outturn certificate.

*By Hon. Mr. Dunning:*

Q. My suggestion was not that the public terminals should be forbidden to take in off grades, but that the private terminal could take in straight grades. I would leave the public terminal free to take in any grade.

[Mr. A. F. Sproule.]



*By Mr. Coote:*

Q. In that case, where the damp grade is treated, as you say, it would be eligible for a straight grade?—A. It would be dried outturn. That classifies it right there. It would not enter into the straight grade grain from that to its markets, but it would apply to any grade, which was off grade, which went into a public terminal.

*By Hon. Mr. Motherwell:*

Q. But they have the option now of putting it into straight grade or dried?—A. Only in the private terminals.

Q. I thought the Board of Grain Commissioners had that option?—A. I think the practice has been to allow dried wheat to go into 3, in the mixing house.

*By Mr. Coote:*

Q. Lots of it went into 3, according to the evidence given us a year ago.—A. There was so much damage done that I think they are not now allowing it to go into 3 to the same extent.

*By Hon. Mr. Motherwell:*

Q. It was all the more necessary when 3 was the top grade?—A. Yes.

• *By Mr. Fansher (Last Mountain):*

Q. I would like to ask you if in your opinion the Standards Board in setting up their standards for 4, 5 and 6 would be materially aided if before the standard was finally set, a milling and baking test of these samples were made in the laboratory of the Board of Grain Commissioners? Would they be assisted in their judgment before finally setting the standards? It would materially help the growers if that were taken into consideration.—A. That is a question, Mr. Fansher to which I would like to give some consideration before I give you an answer. I think that even to-day, without a chemical analysis. For instance wheat this year grading number 6 weighs probably 63 or 64 pounds to the bushel, but if the milling value is not there; the frost has killed it, whereas a few years ago wheat might only weight 56 pounds to the bushel of the same grade and much thinner, but the milling value was greater; its actual strength was not hurt to the same extent that it was in the heavier wheat this year. It would be a tremendously difficult thing for a man to grade wheat in a country elevator on a standard which was based on its milling value, because there are so many things which can be taken into consideration there, and until you had a system of grading all these grains on their milling values, I do not see how you could apply it to those grades which the Grain Standards Board had to contend with.

*By Mr. Coote:*

Q. Is that not really at the bottom of our grading system?—A. Yes.

Q. If a baking test can be made in 24 hours—and we know it can—would it not be to the advantage of the whole trade if the grades from between 3 and feed were set so that they will represent a certain milling value, and if that were done and they were sent at what I would call even distances apart you would have a fairly uniform spread between each of the commercial grades—would it not be well to attempt to do that?—A. As far as possible, yes, but this is what I am coming to; the grain has come forward in sufficient quantities to give the Grain Standards Board a fair average of the crop, to establish their standards. However, after they have done this work the weather conditions in the province might change the whole thing over night; a grower might establish his milling values on the conditions that were in the grain at that time, but inside of two weeks there might be an absolutely different condition prevailing.

[Mr. A. F. Sproule.]

*By Hon. Mr. Dunning:*

Q. Are you a member of the Grain Standards Board?—A. No.

*By Mr. Millar:*

Q. Would it not be logical in deciding how the farmers' grain should be presented to the buyer, that it should be entirely in the hands of farmers instead of one-half farmers and one-half those who are buying, that is, the buyers should not have to say as to how the grain shall be presented to them to buy?—A. Well, of course, we as producers are very much interested in seeing that we have a fair representation on this Board, but we feel that all those who are interested are entitled to some representation there to put forward their own view points.

Q. They might put their viewpoints forward, but have no right to vote and say how the farmers' wheat shall be presented to them to buy?—A. Where there is a seller there must be a buyer, and you must give him some consideration.

*By Mr. Fansher (Last Mountain):*

Q. Coming back to the question I asked a moment ago. The milling and baking value of the wheat in the grades as set by the Standard Board should be made so that the world's buyers would know the intrinsic value of these grades, and not, as in the case of this last year's crop, be so that one-half of the crop was marketed before the value was known, whereby the producers lost many millions of dollars?—A. I think Mr. Robinson, of the Board of Grain Commissioners, told us this year that immediately this examination had been made of our Canadian crop, the old country buyers were notified as to what they might expect in our low grade grains. You would know that, Mr. Malcolm.

Hon. Mr. MALCOLM: When the Grain Standards Board met this year, Dr. Birchard, the chemist, did exactly what Mr. Fansher (Last Mountain) suggested should be done; he milled and baked samples of the low grades, and presented them to the board showing that the baking qualities of these grades were very high. How much consideration was given by the Standards Board to this, I cannot say, but the standards were at least set with Dr. Burchard's information in front of them. Immediately after the standards were set Mr. Boyd notified all the corn exchanges of Europe of the very high milling and baking qualities of the lower grades to assure the buyers they would get a very much better grade of wheat in the lower grades, and I think that had a material effect in narrowing the spread of the prices of the lower grades. I was notified of some complaints that the standards were too high, and interviewed Dr. Burchard to ascertain what representations he had made, and also got in touch with Mr. Boyd to see if it were not possible to bring the Standards Board together again to reconsider some of the standards. The committee—which was all we could get together—did meet and discussed certain standards, and as a result of the very narrow spread then existing, they thought that no good would be done by revising the standards which they had set earlier about which official notification had been sent to all the corn exchanges of Europe.

The witness retired.

The committee adjourned until April 10, 1929, at 11 a.m.

## HOUSE OF COMMONS,

WEDNESDAY, April 10, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 a.m., the Chairman, Mr. W. F. Kay, presiding.

JOHN WELLBELOVE, a member of the Standards Board, called and sworn.

*By the Chairman:*

Q. Mr. Wellbelove, will you kindly state to the Committee whom you represent, and what your business is?—A. Mr. Chairman, and members of the Committee, a farmer appearing before a Committee of this nature, a committee with such far reaching importance, hardly knows just whom he represents apart from the farming people as a whole. I am a member of the Board of the United Farmers of Canada, and also a member of the Standards Board representing the farmers on that Board.

In dealing with the grain business at the present time, Mr. Chairman, a business which is one of great importance to the farmers out on the prairies, possibly a little more latitude should be given than otherwise. We have, generally speaking, a rather set attitude with regard to the grain business in general. We think that the original producers of grain should be looked after; in fact, their interests are of paramount importance at all times. The interest of the grain producer does not cease at the time he loads his grain into the initial elevator. His interest in that grain, so far as the price reflex is concerned, is maintained right through the hands of any intermediary buyers until it gets into the hands of the actual consumer. And we believe, Mr. Chairman, that as producers of grain we have been, to a great extent, rather unfairly dealt with in the interpretation of the Canada Grain Act in so far as our interests have not been adequately protected all the way through, considering the devious windings of the grain from the time it leaves our farms until it reaches the ultimate consumer.

We are of the opinion, Mr. Chairman, that any charges that are legitimate and necessary, that is, with regard to tariff charges, for the collecting, marketing and forwarding of our grain, should be covered by a tariff. We also believe, however, that there should not be any hidden, or unrevealed profits accruing from the storing and mixing of grain. We believe that the practice is detrimental to the standard of the grain that we produce, and has a direct reflex in price back to us as the producer of the grain. That, Mr. Chairman, is in general our attitude as producers of grain.

With regard to the work of the Standards Board, and how it affects us as producers, during this past year especially there has been considerably uneasiness with regard to the lateness of the session of the Grain Standards Board. So far as our Chief Inspector is concerned, I would like to say that in collecting those samples I think that under the conditions that exist they were collected as early as it was possible to do so in order to get representative type samples of grain all over the three western provinces. But at the same time, Mr. Chairman, while those type samples were being collected, and the Grain Standards Board were called into session by the Secretary of that Board, 80 million bushels of grain had passed primary inspection, in addition to the amount of grain that had been taken into elevators on cash and graded storage ticket.

[Mr. John Wellbelove.]



You will readily see, gentlemen, that a considerable portion of our crop had practically passed out of our hands on the standard that was set for the previous year's crop, and with the variations in the general appearance of the grain that we find from year to year in connection with our type samples, and the composite sample, we feel that that is detrimental to us as producers. Our suggestion along that line would be that steps should be taken to collect those samples at an earlier period in the crop movement season. Take throughout the west, at the present time, take Saskatchewan, for instance. Our pool elevators there have a thousand operators; they have sixteen field service men who are working continuously throughout the district through the crop growing season. Any adverse conditions that exist in connection with rust, gloom rot, frost, or excessive moisture which would produce piebald, starchy kernels, could be fairly and adequately checked up in the grain growing season, and men would know, to a great extent, just exactly what localities were adversely affected in such a way that it would have a general detrimental effect on the general appearance of the crop.

It seems to us, as producers of grain, Mr. Chairman, that it ought to be possible to set up agencies for the collecting of type samples, which would be representative, and that those samples could be collected from the different localities and expressed in, in order to enable the Grain Standards Board to meet at a much earlier date than is done at the present time. The 24th and 25th of October were the dates set last year. The date varies from year to year according to conditions, and the general movement of the crop. I believe that the Board should be called into session after a sufficient amount of the crop has passed primary inspection to enable the inspectors to collect adequate type samples of all the different phases of the wheat crop so that the three lower grades, the commercial grades, could be set up by the Standards Board which would be fairly representative.

Then we are not altogether satisfied with regard to the sample set up, as to whether it adequately represents the crop in western Canada or not. We find, in some sections of the west that in the samples collected by the inspector—about 250 to 300—a tremendous proportion which are not representative of the crop in some of the semi-arid districts in western Canada, and we have wondered, Mr. Chairman, whether it would not be possible to set up two sets of samples. We are agitating, as farmers, to raise the standard of our product. We recognize, as the initial producers, that if we are going to maintain our hold on the world's market, we have to produce the quality which is sought after, and we recognize our responsibility there as initial producers of grain.

With regard to any campaign which can be carried on to any large extent to improve our methods of farming, by the introduction of leguminous crops, such as sweet clover, that is, systems of farming which would raise the intrinsic value of our wheat, we do not have such a grip on our people as we would like in endeavouring to put over a program like that. We find, however, that in some of those districts, under those conditions, the samples are lowered detrimentally because of the great areas that have been under crop for a considerable period of time, and the intrinsic value of the wheat grown in those areas is tremendously reduced. We do not feel, Mr. Chairman, that one general sample should be representative of all conditions under which wheat is grown in western Canada. To some of us who have sat on the Grain Standards Board it does seem pretty hard when we come to compile the composite sample, and set up that composite sample, to find it necessary to go around with a scoop shovel and get some Durum wheat and a fair sprinkling of wild oats and throw it into the sample so that the sample shall be representative of the grain of western Canada. We recognize, those of us who are living in the semi-arid districts, that the average yield of grain which we get, compared with other districts where there is a larger

rainfall, is penalization enough without having our sample deteriorated so that it will be representative with the other drawn samples from other parts of western Canada.

We feel, Mr. Chairman, that we would like consideration to be given to the advisability of there being the two standards, if it would not be too confusing, with zoning areas that would be eligible for one standard, taking into consideration the protein basis for the grading of our wheat. The farmer, in general, is not altogether at the present time committed to that system, partly from lack of education, but he feels that there are at the present time considerable improvements that could be made under the present system, and that his interest could be safeguarded to a much greater extent than under the present system.

I may say that in setting up the standards the members of the Grain Standards Board, whether they represent the grain trade, or represent the farmers, or represent milling companies, have always had the closest co-operation one with the other. There is one reason that enters into it, and that is that the miller eventually sets the price of our wheat, and if we as farmers insisted on a higher or a lower standard, as the case might be, with regard to the composite sample that was set up, it would not benefit us financially to any great extent, because the price is actually set on the flour values of the wheat. In the workings of the Grain Standards Board we have found things work out very smoothly. It generally turns out that when the samples are brought down to the last two we re-inspect those drawn samples, and there is a general basis of agreement before the sample is passed on, which meets with the general approval of the representatives of all the organizations that are on that Grain Standards Board. There is another point I would like to bring out, Mr. Chairman, and that is in connection with the statutory grades, Nos. 1, 2 and 3. We find that the definition of the statutory grades is contained in the Canada Grain Act, but the drawing of the sample is left to the Inspection Department, and the producer of grain wonders why it is necessary to leave that to one or two individuals and not have the Grain Standards Board also draw samples for the statutory grades just the same as it does for the contract grades. It does seem that a representative body would be in as good if not in a better position to set up these standards, say from one to six. We have not been able in our own minds to see clearly why it should be necessary to have just the commercial grades set up and not the others, by a representative board.

That covers pretty much, Mr. Chairman, what I have to say, unless I digress along one or two lines with regard to what we find in connection with the way our cars are booked out in the country.

The CHAIRMAN: If any members of the Committee want to ask Mr. Wellbelove any questions about the Grain Standards Board, they might do so now, and if we have then some time, Mr. Wellbelove can take up the other questions.

*By Mr. Carmichael:*

Q. How many members constitute the Grain Standards Board, giving the number, the occupation, whether they are millers, in the grain trade, or agriculturists?—A. There are twenty-seven members in all. Seven I think are farmers' representatives. I have a list in my grip, but I did not bring it along with me.

Hon. Mr. STEWART: I have one here of the full Board.

*By Hon. Mr. Millar:*

Q. I would like to ask to what extent the Grain Standards Board take advice in performing their work, from chemists and others?—A. With regard to that, Mr. Chairman, Dr. Birchard, appeared before the Grain Standards Board last year with loaves baked from the average Winnipeg inspection samples

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Nos. One to Six, and he went fully into the relative values of them from the milling standpoint, dealing also with the general appearance of the wheat, the slight effect which the frost had on last year's wheat as compared with 1927, which was an exceptionally low milling-value wheat. All these matters were taken up with the Board. There has never, Mr. Chairman, been brought to bear upon the Board by anybody in any official capacity any influence whatever. Any information which has been given, has been given in an advisory capacity. The Board can subdivide itself into as many groups as it likes, and draw a dozen samples; three farmers, if they wish, can get a pail, a little measure, and a ticket and draw a composite sample from the type samples. They are not told which bags they are to go to. In those 250 bags there might be Nos. 4, 5, 6 and Feed, but if the Board wished, they could go on right down to Feed and take out one or two samples to mix with No. 5. We generally group up the representation on the Board, but nobody is bound to group with anybody in particular; they can use their own discretion who they will group with, or what particular number of bags they will take. They generally take about 30 bags, but they are not tied down to that; they can take all the bags they want to draw samples from, and the samples are voted upon then by elimination. If the sample you are interested in does not get enough support, you check on the others and you stand by a sample all the way down until you get down to the last two samples. When you get down to the last two samples, there is a conference again. One is too strong, another too weak, as the case may be, to meet with general approval. But these matters are overcome to the satisfaction of all concerned. There is absolutely no interference by anybody in an official capacity to determine what samples shall be drawn or what samples voted upon by the Grain Standards Board.

*By Mr. Garland (Bow River):*

Q. I would like to ask if there has been any variation in the standards, taking the crop year 1927-8 and 1928-9. An impression has been left with this Committee by at least two witnesses that the standards were raised, or were higher for last year's crop?—A. The Grain Standards Board, Mr. Chairman, take the type samples of the crop year as they find them, and set up a standard representative of the crop year, of the type samples of the crop year, without any great reference to the standard that has been set up in previous years, for the simple reason that the current year's crop, the general aspects of the current year's crop, which are the determining factors with regard to grading, may vary considerably as they did between 1927 and 1928. We found in 1927 a high percentage of shrivelled kernels, frost-shrivelled kernels, almost identical in appearance with rust-shrivelled kernels, and while the Board, has the right to set up standards to cover these rust shrivelled kernels which would be drawn pretty much into the Feed class, they can by vote make them Five or Six special if the valves warrant it. In 1927 frost and rust shrivelled were so identical in appearance that it would have been a tremendous hazard to set up a special, for the simple reason that the protein content would be so low that it would not be of any benefit to the producers, especially if the miller did not find the grain was as high in protein as was expected in the special.

Q. I am not talking about Specials. I would like to ask your opinion as to whether the standards of this year are higher than last year; if the two were placed side by side, would they be graded equally on the basis of this year's standards?—A. I think they would, but this year's general sample is higher.

Q. Why?—A. Because there were not sufficient lowering features entering into the grain this year as compared with last year. In last year's crop there were so many deterrent features entering into it that the grade had to be kept low so that as large a volume as was possible of the current year's crop could be marketed in the commercial grades. This year they have been equally as low,

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on the basis of the type samples from which the samples were drawn. It is as representative of this year's crop as last year's was of the 1927 crop, although the two samples together have a different general appearance. There is so much leeway within the grade that the average buyer out in the country getting back grades from inspection will find the general appearance of one on the break of a grade and the general appearance of another sample which is on the break of a grade lower gives much leeway with the grade, there is no general lowering of the standard in the grade.

Q. This variation in the standards from year to year causes great dissatisfaction amongst the farmers. Are you satisfied that the variation will always continue, that there will be that fluctuation from year to year in the standard samples, largely on account of the character of the crop, or is it possible to avoid that?—A. It does not seem possible to avoid that, under this system of grading, unless it is possible to insert another grade and close up the grades. By closing up the grades you would limit the spread from year to year and have more representative samples than at the present time, when there appears to be so much leeway within the grades.

*By Mr. Donnelly:*

Q. You have no samples of the different grades of this year with you?—A. I have no samples.

Q. There was an impression throughout the country last year that after the Grain Standards Board met—in fact it was publicly announced throughout the country that the standard had been lowered from the previous year rather than raised?—A. I would not take it that the standard was lowered from the year before.

Q. We were told, and as a matter of fact I know that after the Grain Standards Board met, we got a lower standard than before.

Mr. COOTE: Who told you that?

Mr. DONNELLY: Different elevator men. I know it myself.

*By Mr. Vallance:*

Q. Was there not a general feeling amongst the farmers that the standard had been raised even before the Grain Standards Board met, as was evidenced at several points throughout the West. There were samples of last year's Four; for instance, and this year's Four which bore no relationship whatever and when the Standards Board met and realized that there was a condition existing that probably the standard was too high, you then lowered the standard and brought about the result Mr. Donnelly spoke about, in the desire of some individual to overcome the difficulty which was brought before this Committee last year?—A. There was no intention, Mr. Chairman, and no endeavour on the part of the Board to bring this standard in conformity with any grade that had been made previous to the meeting of the Board, or in conformity with the previous year's grading. The Grain Standards Board set a standard on the general basis of the type samples, making the composite samples, representative of the crop as revealed in those type samples, without any reference to the inspection grades that have been made before the meeting of the Board.

*By Mr. Coote:*

Q. You do not take into consideration in the setting of standards the grades set the year before?—A. They have no guidance or bearing on the setting up of the current year's standards.

Q. Will you tell the Committee on what basis you do set these different commercial grades?—A. The considerations that enter into the basis on which they are set are, the general representative type samples that are collected in

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these 250 bags. These are subdivided into about four sections, and these type samples are representative of the whole crop, or are supposed to be as nearly as possible representative of the whole crop conditions at the time. It is the duty of the Grain Standards Board to set up standards, as near to equity as possible, and representative of that crop, which shall come within Four, Five or Six. The general appearance of the composite sample which is set up by the Board is representative of all the deterrent factors, we will say, in the group of bags of drawn samples, taking into consideration, rust, frost, starchy kernels, black point; everything that is a deterrent factor in grading is taken into consideration in the composite samples, and one year's samples cannot have a very great determining influence upon what the next year's standard should be. Take it as between 1927 and 1928, there was quite a marked difference in the general aspect of our western crop.

Q. If that is the case, it would seem to me that it would indicate that more of our crop would go into the higher grades, or more into the lower. I can understand that regardless of the condition of the crop, you must always provide for Four, Five, Six and Feed?—A. I take it that there would always be sufficient drawn type samples collected to set up these grades. I would think, Mr. Coote, speaking in general, that below No. 3 there will always be sufficient type samples to base these grades on.

Q. I will put the question in another way: would it not be desirable to have the intrinsic value of the commercial grades correspond with that of the previous year?—A. It would be an advantage if they always corresponded in value, but as they vary so much in value the only thing the Grain Standards Board can do is to make the composite sample representative of the type samples of that year.

Q. Can we take it for granted that the No. 1, 2 or 3 would correspond very nearly with the grades of the previous year?—A. There is quite a difference of opinion with regard to that.

Q. Should there be very much more difference between the commercial grades of one year and the succeeding year than between the statutory grades of one year and the statutory grades of the preceding year?—A. The statutory grades eliminate, by virtue of their definition, in some years the great bulk of our wheat. But that wheat has to be marketed. You then come down to the commercial grades, and the bulk of that wheat as a foregone conclusion has to be marketed in those commercial grades. The first three, the contract grades, by virtue of their definition and the interpretation of that definition, eliminates in some years the great bulk of our wheat. To prevent that getting down into the Feed class, or at least to make the grades sufficiently broad to meet these needs in any one year, there has to be a certain amount of leeway given irrespective of the appearance of the preceding year's crop.

Q. Grain excluded from the contract grades must go in the commercial grades?—A. Yes.

Q. The highest type of wheat kept out of the contract grades must constitute our No. 4. Why is it so difficult to make the No. 4 of one year correspond very closely with the No. 4 of the year before?—A. My answer to that, Mr. Chairman, would be that in some years there is a tremendous lot of territory to cover, to keep as much wheat as possible out of the feed class, and yet meet the requirements of the purchaser of the wheat in these commercial grades, and for that reason there is quite a lot of opinion swinging behind the idea that another grade injected there would be a leavening factor in closing up these grades. It is always the grower on the break of the grade who is the loser. If we injected another grade and closed them up, there would not be such a price spread between grades, and the loss would not be as great. On the other hand, we must not make too many grades for the initial buyer in the country or for

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the inspectors. There might be a greater loss if you injected too many grades. There seems to be a volume of opinion swinging behind the idea that one more grade would be of tremendous benefit to the farmers in general.

Q. One of the things we should try to secure is uniformity in grades; you will agree with that, I presume?—A. Perfectly.

Q. The next thing is uniformity of grading as between succeeding years. Can you suggest to the Committee any way in which we can set these commercial standards so that the grades of this year will be the same as the grades of the previous year; that is what is causing so much dissatisfaction in the country?—A. With the grading system based on the general appearance of the crop and not on the actual milling value, there will always be that discrepancy. The basis upon which the standard is set is the general appearance of the crop. Our grading system is based upon that. The only way we can overcome that difficulty at the present time, Mr. Chairman, under our grading system—I think we have a fair grading system, if it is tightened up and the loop-holes closed a little bit—the only way to overcome that is to inject another grade. You would then have a more limited range of appearance to incorporate in each of these grades.

*By Mr. Millar:*

Q. We can take it for granted I suppose that the object of the Grain Standards Board is to get together types of grain as nearly as possible of the same value. I think a certain chemist in Saskatchewan made a statement before the Grain Commission that his investigations showed that within the same grade he found types of wheat that varied in value to the extent of fifty per cent; what have you to say to that?—A. There is a great difficulty there. A good deal of the blame for that rests with the initial producer. He has been seeking after rust-resisting wheat irrespective of its milling value, and the producers who have evolved these new varieties are responsible for that to a great extent. We believe that that condition penalizes people in districts where they are concentrating upon wheat of high milling value. But we believe that that will be overcome.

*By Mr. Millar:*

Q. Did the Standards Board not fall down a little in their judgment when they placed together wheats that varied so much in actual value?—A. The only basis upon which the Grain Standards Board make up the composite sample is the actual appearance of the grain.

Q. Without its actual milling value?—A. Without its milling value.

*By Mr. Coote:*

Q. Not taking that into consideration?—A. Exactly.

Q. Coming back to the question I dealt with before, can you tell us anything about how American wheat is dealt with? Under No. 3 do they have definite standards?—A. I could not say. I would rather not say, as it would only be a guess.

Q. Just a question in regard to a statement which I think you made, that is, that we might have different types of standards, different kinds of damaged wheat, for the grading of our lower grades, that is, the commercial grades; I wish you would enlarge upon that. Do you mean that we might have samples of rusted wheat, we might have samples of frosted wheat—or what had you in mind?—A. I had in mind the setting up of two different standards in some districts where wheat has been grown continuously, and where the land has been over-wheat-cropped. There is such a thing in the West, where men have been seeking by means of dual hybrids to prevent losses. That has had

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a tremendous detrimental effect on the western wheat crop. What some of us had in mind was whether it would be possible to set up two standards, roughly divided into East and West. You can take a map of Saskatchewan and find where the high grades of wheat are grown, in the arid districts, swinging out into Alberta. The Alberta men on the Grain Standards Board have repeatedly stated that the samples collected there were not altogether representative of Alberta samples. An effort has been made to collect as many type samples as possible from the Edmonton and Calgary districts, so that they would be present at the time the Board met. But there is still dissatisfaction with regard to that. What I had in mind, Mr. Chairman, was, coping with the difficulty of low types of wheat and whether, where it has been so long under cultivation, the quality of the wheat has been considerably lowered, which has a detrimental effect upon the milling value of our crop as a whole, and whether it is possible in the West to make one type of sample which is representative and fair to all the growers concerned in these three western provinces.

Q. In making up the standards, you stated you took a scoopful out of one sack and then took a scoopful out of another and put them together. Suppose you did that, and one-half of the resulting samples consisted, we will say, of rusted, and the other half consisted largely of frozen wheat; would that be a proper sample to guide an inspecting officer, a sample showing the result of frost entirely? Would it not be better to have a sample made up of frosted wheat, or wheat which would look more like the wheat he was called upon to grade?—A. It is never possible to make up a composite sample which is representative of a car lot. The human element has to enter there. Any representative composite sample which is drawn and set up by the Grain Standards Board cannot be representative of any individual car lot shipped from any point, because it would be practically impossible to have all these deterrent factors entering in on one farm which would make the car lot equal in general appearance to the composite sample.

Q. Is it not possible under the present system to have a car of wheat presented to the inspector for grading, and a composite sample might not be representative of more than three per cent?—A. I take it that that would be possible.

Q. Is it not making it very difficult to grade that wheat properly, under that system?—A. He has to draw on his own resources for an interpretation of the values.

Q. Would it not lead to dissatisfaction on the part of the farmer, especially if he goes into the inspector's office and sees a standard sample, especially if the test weight of the bushel is five or six pounds lighter than the wheat in the car?—A. That is one of the greatest grievances of the growers. We have been led to believe that weight is the determining factor in our wheat. But that is only one of the factors. Replying to the first part of your question, where the human element enters in, there will always be a divergence of opinion, whether right or wrong.

*By Mr. Garland (Bow River):*

Q. Will you agree that because of the variation in the crop from year to year it would be possible to have No. 1 or 2 wheat, and the next year according to the standards set, they might be graded Two or Three. One year they might grade No. 3 and the next year they might grade No. 2; is that possible?—A. I can hardly see how that would be possible, under the interpretation of the statutory definitions.

*By Mr. Coote:*

Q. You have already said that the human element enters into it very largely?—A. Yes.

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*By Mr. Vallance:*

Q. The very existence of your organization, the Grain Standards Board, proves that from year to year we cannot carry the same samples, because there is a change elementary or otherwise, caused by climate conditions, one year by frost, another year by rust. To take care of the crop you place the standard grade according to what you find in the crop. While it is desirable, as Mr. Coote points out, to get a standard which would last for all time, that is not possible—I think that is apparent?—A. With regard to the statutory grade being more uniform by a process of elimination, you can make any grade more uniform, but then when you get down to your commercial grades, you want to incorporate all that you possibly can in those three grades, that is, the commercial grades, without having an adverse influence on the buying public of those grades of wheat. But in your contract grades, Mr. Chairman, you have the possibility there, of eliminating, under statutory definitions, the human element, with more leeway there. I would not say more leeway, but more basis for objections. Then when you get down to Nos. 4, 5 and 6, you realize that there are lots of good milling wheats which, on general appearance, have been eliminated from your statutory grades, but now you want to incorporate those in your commercial grades, and the general appearance has got to be incorporated in your samples set up.

*By Mr. Coote:*

Q. In Alberta we have had a lot of trouble some years, because the standards for the commercial grades, that is, the official samples of those standards that could be seen in Calgary and Edmonton contain very little of the type of wheat that those inspectors were grading, and many of us have come to feel that it would be much better if the Standards Board set initial standard samples for Calgary and Edmonton, that is, for all the grain that is practically going west to Vancouver. Do you think that that would be possible, and would it be preferable to the test which we now have. I believe that one year the conditions got so bad that the inspectors at those offices had to be furnished with new samples made up by the Inspectors Department because the official standard samples were of no use at all in grading our low grade wheats?—A. I think, Mr. Chairman, that that would be well worth trying out. That was the point I endeavoured to make there with regard to having the two standards, to meet the varying conditions in different parts of western Canada.

*By Mr. Donnelly:*

Q. Do I understand you to say that in the setting of these standards for the commercial grades you do not take into consideration anything but the general appearance of the wheat?—A. The general appearance, Mr. Chairman, is the determining factor in setting up that composite sample.

Q. You do not take into account the baking and milling value?—A. Those have been under consideration, but were not a determining influence.

Q. You did not take into account the report from Dr. Birchard on the baking of the wheat and the milling of the wheat?—A. Not as an influence in setting up the standards.

Q. Do you not think that that is the right method to grade our wheat, by the baking and milling value?—A. It would appear to be the most equitable to all concerned.

Q. Is not that the real factor?—A. The baking and milling qualities is the determining price value of our wheat.

Q. Do you not think that our Standards Board are derelict in their duty if they do not take into account what our Research Laboratory does at Winnipeg with regard to the baking and milling value of our wheat in forming those standards?—A. As far as that is concerned, in reply to that question, Mr.

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Chairman, the general appearance of the kernel is no safe guard to its real milling value, and the Standards Board, in endeavouring to make that a determining factor, would have no real guide in the general appearance of the kernel.

Q. Well, this year we understand, on the report of several chemists, that the baking and milling values of the commercial grades are much higher than they were last year?—A. Very much higher.

Q. I understand also that the standards this year have been raised. According to that, if they were raised the man who sold his wheat in the early part of the season would get a better grade?—A. Mr. Chairman, my statement was not that the standards were raised in comparison with any other grade, but that the standards were higher because they were based on a higher average of grade.

Q. What do you mean, as compared to what?—A. Their milling value this year, 1928, compared with the 1927 milling value,—the 1928 composite sample is a true representation of the 1928 current crop just as the 1927 composite sample was a true representation of the 1927 crop.

Q. But in making the comparison you say the standards this year are higher than they were last year?—A. In flour bearing qualities the standards are higher, but they were not set higher by comparison.

*By Mr. Garland (Bow River):*

Q. That just happened.—A. They were set on the basis of the drawn type samples which in themselves made up a higher composite sample, not by comparison.

*By Mr. Donnelly:*

Q. Do you mean to say that if the ordinary man were to take the standards he would not be able to say that this was higher than last year's?—A. The general appearance is higher, and the baking and milling standards was set by appearance—

Q. And yet that appearance, you say, is higher than last year?—A. The general appearance is higher, not necessarily in baking and milling values.

Q. But our chemists have said that the baking and milling values were higher?—A. The Standards Board has never said that. Our chemists tell us, also, Mr. Chairman, that you can take a shrivelled rusty wheat running down to some fifty some pounds to the measured bushel that will, in protein content, be very high, but the only basis on which the Standards Board work is on the general appearance, and the relative general appearance this year is higher, because the bulk of our crop was higher.

Q. Then as far as the Standards Board is concerned you never make use of the research laboratory in the Grain Exchange at all, that is, as far as setting standards are concerned? You do not use it at all, it is of no use to you?—A. I do not see how the Grain Standards Board could determine the milling values on the general appearance of all those type samples.

Q. This is practically only the second year, but you have not used it at all.—A. I cannot say with regard to that, Mr. Chairman.

*By Hon. Mr. Malcolm:*

Q. In the Agricultural Committee of last year there was a very strong expression of opinion in regard to the point which Dr. Donnelly raises, and which is covered by Mr. Millar's resolution, that this should be taken into account in the grading of grain by the Standards Board. As a result of that feeling, and as a result of the report of the Agricultural Committee, the Board of Grain Commissioners set about to improve the laboratories in existence in order to determine the milling and baking value of western wheat. This was done, I think you will realize, in order to help the Grain Standards Board to deal more equitably

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than they have in the past, in an endeavour to arrive at the baking and milling values of our various grades. And I think it is safe to say that it was the opinion of the Agricultural Committee last year that this factor should be taken into account. Mr. Millar's resolution that protein should be made a factor in the grading of grain was referred to this Committee, and it is because of the reference of Mr. Millar's resolution to the Committee that we are investigating the operations of your Board. I think you will agree with me that whatever work the inspectors do in grading the grain is largely dependent upon the samples given them to grade from, is that not so?—A. That would be correct.

Q. And that the Inspection Department is in a very bad position with a farmer in the country if that farmer supplies a wheat which he knows is of a high milling value, and if that high milling value is not taken into account in the setting of the standards it causes dissatisfaction between the farmer and the inspector, because the farmer knows he has a high protein wheat, and a good wheat, and the inspector knows that he must inspect on the appearance of the sample.—A. Mr. Chairman, I appreciate very much the work of Dr. Birchard in his laboratory. It is eventually going to bring about a clearer understanding with regard to the milling value of our wheat. At the present time I take it that the determining factor in setting up our standards is the general physical appearance of the wheat irrespective of its milling or protein content.

Q. The question that I want to ask you is this, that when Dr. Birchard presented his loaves last year to your Grain Standards Board, did he not make representations to you that this year's stock had a very high milling appearance among the very low grades?—A. He made that statement.

Q. And was it not said by your Board to Dr. Birchard that the samples which he took were not fair average samples, and did he not then take another set of samples from the head of the lakes and mill those and bake those again in his endeavour to have the high protein value in this year's crop made a factor by your Board in grading?—A. I was not aware that Dr. Birchard baked the second samples on any representations from the Board at all. Dr. Birchard's samples were brought into the Board Meeting, and were inspected by the Board, on the 24th October, the first day that the Board met, but I do not know of anything being said by the Board which could have influenced Dr. Birchard in procuring samples to bake a second batch.

Q. Well, I am just stating what I was told.

MR. FANSHER (Last Mountain): It was the Board of Grain Commissioners that asked for that second set of samples.

*By Hon. Mr. Malcolm:*

Q. The point is this: can the Grain Standards Board, which by Act of Parliament sets up those grades for the Inspection Department, not make use of the laboratories which we have set up, and which we are spending a lot of money on, to determine this factor which is so important to the farmer? Is there no way that you can suggest to this Committee by which the facts we are bringing out through our laboratory in Winnipeg can be made use of by your Grain Standards Board?—A. The only way, Mr. Chairman, in which it seems to me, on the spur of the moment, it could logically be made to be of advantage to us, as producers, and as a Standards Board, is for the actual milling values of our wheat to be determined very early in the crop season. The Standards Board should meet earlier in the crop season, and the miller then would know what the actual milling value of our wheat was, so that the price reflex would be something of a fair representation of that. Entering into that, we get the curse of the whole thing, mixing, which is not working to the benefit of the producers.

[Mr. John Wellbelove.]

Q. That is just the answer I wanted to get, Mr. Wellbelove. I have striven with the Board of Grain Commissioners to endeavour to make samples of every commercial grade that you determine, and I cannot see the difficulty that you would have in the milling and baking each sample you set up for a commercial grade. If after milling and baking you find that it has extra baking qualities which should step it up, why could not the Standards Board reconvene the following day, or the following week, and move these grades forward if they have the milling value. When I called Mr. Boyd by long distance telephone and asked him to have your Board reconvene—and the Winnipeg Committee did reconvene—it was for the purpose of seeing whether or not you had obtained what were high protein wheats, and it seems to me that you could recommend to this Committee that the various grades determined in the commercial grades had better milling and baking values, and if the milling and baking value was found to be in line with the grades you had set up no change would be necessary. But if after baking and testing these wheats you found that your grades were unfair, and your six was better, you could move it up. All that happened this year—I think you will agree with me—was that immediately your grain was graded, and the commercials were set, the Board of Grain Commissioners had to notify the buyers in Europe that, in their opinion, our lower grades had a very high baking and milling value. As a member of the Standards Board who has had a lot of experience, I would like you to give us your opinion as to what could be done in milling and baking these various samples to determine for the producer the value of these lower grades?—A. As I have stated, Mr. Chairman, if the samples were drawn earlier in the crop season, with another slight change to close up the spreads, the price value should always be, if mixing is eliminated, a true reflex of the milling value of those wheats. There would be no need for a readjustment of samples. The price reflex would always go right back to the consumer.

Q. I wish you would stay with this one question. The next subject which the Committee is going to take up is the evil of mixing. But let us suppose that there was no mixing. Let us suppose that there was straight selling so that we are getting the best we can out of our grades; let us suppose that grades were sold without mixing at all. In your opinion, is there a method by which we can improve the operations of the Standards Board?—A. The general appearance and the actual milling value of the grades from year to year will always vary, the same as it is done, perhaps with not as wide a spread as between 1927 and 1928. But it seems to me that the natural sequence of things would be that the price would be determined year by year on the actual milling value of these grades. Readjustment would not be necessary if a laboratory test were made early in the crop season, and if buyers were made conversant with what the actual protein and flour milling content of our grain actually was, what it was worth to them in dollars and cents. I do not see where a readjustment of grades would be necessary.

Q. You think the supplying of the information as to the milling value would reflect itself immediately on the price in the European market?—A. I think that information should be in the hands of the miller before he begins handling the current year's crop or in the initial stages of his handling.

Q. You are on the most important Board which has to do with handling grain, a Board which can affect, in my opinion, the returns to the farmer the most of any Board that handles grain, or that has to do with the grain trade. You agree with me that there are just two countries in the world that are selling their grain on government certificate, Canada and the United States. You realize that all the other grain of the world is marketed on samples. I think you realize also that our grading system is of tremendous value to Canada. I am speaking of the country as a whole, and that on our Dominion Government



certificate we get a higher value for half a bin of wheat sent out on a government certificate than we would get for the other half bin if we put it on the Liverpool market. If an organization like the Wheat Producers Association, with their members owning their own country houses, their own terminals, were to take a bin of wheat and send half of it over on government certificate, and send half of it over on sample, they would get a better return for the half bin that they sent over on government certificate than they would for the half bin that they sent over on sample. Is it not essential that that grain for milling purposes, for which it is always bought in Europe, should be known and determined on this side of the water, so that that government certificate would have still more value, is that not desirous?—A. It would be, Mr. Chairman, a great advantage. But the view that is held by some of our producers that a grade should be allowed to incorporate practically everything that is grown under the name of wheat would have a detrimental effect on our produce on the world's market. I think the standards as set up should be maintained year by year, and another grade brought in so that there can be a general closing up, if necessary. But a general lowering of the standard would have a very detrimental effect on the price reflex back to the producer. If the actual milling value of our grain was determined before the movement, earlier in the crop season, it would be a decided advantage to us as producers.

*By Mr. Garland (Bow River):*

Q. What do you mean by another grade put in? Would it be a grade under six, or another grade between grades?—A. Well, one grade between six and feed, and a general closing up of the margin on which the other grades are set up.

Q. Just one grade?—A. If one grade were brought in there, and a general closing up, there would be less leeway; less discrepancies would be apparent in each individual grade.

Q. Do you mean between four and six?—A. Yes, between four and six.

Q. Without any change of six?—A. Without any change of six, although six could dip down a little lower into the feed class without any detrimental effect in a year like this.

*By Mr. Millar:*

Q. Considerable has been said about the values of the different grades, and much has been said about the value of certain types. Is this not frequently a matter of discussion before the Grain Standards Board, where certain types of grain shall go, and is that not where the work of Dr. Birchard and the chemical laboratory would come in? For instance, I cite the case of bran frosted wheat which is only one of many; is that not frequently a matter of discussion and consideration by your Board as to where that type shall go?—A. There is a basis there for discussion.

Q. How much damage the frost has done?—A. As to how much damage has been done, but from year to year it can never be determined exactly what a deteriorating effect frost damage will have on any current crop year until that wheat is milled. 1927 had a very, very adverse influence, this year, frost coming in August; although the general appearance was somewhat marked, the ill effect of the frost on the wheat from a milling standpoint was not so marked.

*By Mr. Coote:*

Q. You said, in answer to Mr. Malcolm's question, that you thought it was to our interests that the standard should be maintained. Just what do you mean by that? Do you mean the appearance of that standard, or do you mean the milling quality?—A. The milling quality which is based on the appearance

[Mr. John Wellbelove.]



as far as the Standards Board is concerned. They work on general appearance mostly. The milling quality does enter in, to a certain extent, but is not a determining factor. The higher we make our standards in the grades the better it is for the farmer, if we can close up the gap between number six and feed.

Q. I take it that this standard that you wish to maintain must be the milling quality. Appearance is not going to mean much to any type unless it is accompanied by milling quality?—A. Yes, but under the present system the farmer sells on appearance.

Q. Yes, but the Standards Board are setting these standards. I find, in Section 79 of the Grain Act, where it makes provision for a grain research laboratory. It says:—

“79. (1) The Board of Grain Commissioners shall maintain an efficient and adequately equipped laboratory for grain research work and for the purpose of assisting the Chief Inspector and the Grain Standards Board in determining the grades and the milling value of grain.”

Now, I am unable to understand why the Grain Standards Board now do not make use of the work of our research laboratory. There is, to my mind, no reason why all the different types of damaged grain that are in the laboratory should not be accompanied by a baking test showing the value of this grain, and I do not see why that could not be used by the Standards Board in setting the official standards for commercial grades.—A. Mr. Chairman, with regard to the type samples that are drawn, in general appearance some of those type samples might be identical, but in the actual milling there might be a wide spread. Once that composite sample is set up, if the actual milling value of that composite sample, commercial grades 4, 5 and 6, was determined by our research laboratory, and the miller was familiar with the actual milling values of those wheats, or of those samples, then it would have a very, very beneficial effect in the marketing of our crop.

Q. That means that the Standards Board would then be making use of the work of the laboratory, and really making use of the results of their experiments, assisting them in making those grades?—A. Rather more, Mr. Chairman. The laboratory would be using the standard sample as set up, and information then would be based on that established sample. As I tried to point out there, the general appearance of the grade is no real genuine guide as to its milling value. You can get half a dozen samples which, in general appearance, are identical, and if Dr. Birchard had taken an analytical test of one of those it would not be the real true guide to the Standards Board as to whether or not they were identical. But once your composite sample is drawn and is passed in as the standard for that grade, and the laboratory test taken on the basis of that, and the customer made acquainted as to the actual milling value of that, based on that grade, then you are away to a good start.

Q. Yes, but would it not be desirable when you are fixing them to fix them as near as possible to the grades of the previous year, and in some relation to each other, so that there is the right difference, for instance, in the milling value between 3 and 4, between 4 and 5, and between 5 and 6, and if you do not make use of the work of the laboratory in connection with all those samples before you endeavour to mix them together and set a standard, it seems to me it is a very haphazard way of doing things, and you have no idea of what the result is going to be until the laboratory makes a baking test of each one of your samples?—A. In reply to that question, Mr. Chairman, one year's current crop could not be the determining factor in setting up the standard for next year's current crop. There are elements entering in during the growing and maturing stage of that grain which have such an influence on the actual cash value of that grain from the millers standpoint that one year's general appearance of crop could not be the

[Mr. John Wellbelove.]

general basis on which the other could be set up. And then the difference entering into the type, the different values of identical types, the different milling values of identical drawn samples, would be so conflicting, that the only determining factor that any board can have in the final analysis is the general appearance of the wheat in those grades, because all of that wheat, once you get past your contract grade to your feed, all of that wheat, irrespective of its milling value, has got to be incorporated at the present time in those three commercial grades. You have to find a place for it, or put it down, into the feed class.

*By Mr. Millar:*

Q. You have said that the Grain Standards Board should meet as early as possible?—A. Yes.

Q. It is only going to be a few days after the Grain Standards Board meets and gets the samples before our research laboratories determine the baking value?—A. Certainly.

Q. Why not withhold your decision until that is done?—A. I do not just see how, Mr. Chairman, exactly what effect that would have. The samples are set for the grade between No. 3 and Feed, and we have to set it irrespective of its milling value. If the Grain Standards Board sat and defined just exactly what should go into No. 4, No. 5 or No. 6, and then the laboratory test was made on the basis of that composite sample, and the miller is made acquainted with the actual value of that wheat, I think that is as conclusive as we can get it.

*By Hon. Mr. Stewart:*

Q. If, after making four, five or six composite samples, it were shown that No. 5, which you said had the appearance, and which was shown to have some high milling value, but which actually had as high a milling value as No. 4, would you not then try and reset your samples?—A. I think price values should adjust that.

Q. But you say that the value on the Liverpool Corn Exchange is determined by the milling value of the wheat, and you admit that the appearance might go so far in judging the milling value that No. 5 might be as good as No. 4?—A. I do not think I said that.

*By Hon. Mr. Malcolm:*

Q. Why should you grade them differently?—A. One point I would like a reply to is, that I do not see how you could miss Four and get down into No. 5, and incorporate in No. 5 samples which would be of better milling value than No. 4, when the general conditions under which the crop was grown would be such that the ill effects that appear in the No. 4 would be accentuated in No. 5?

*By Mr. Coote:*

Q. Is this not possible? Say there is a spread of twenty cents between No. 4 and No. 6; in some years there might be a spread of fifteen cents between No. 4 and No. 5, or fifteen cents between No. 5 and No. 6. The next year, according to the system upon which you suggest we should work, there might be ten cents between No. 4 and No. 5 and five cents between No. 5 and No. 6. It seems to me that it should be an important point for the Grain Standards Board to set samples so that the grade resulting therefrom will have a uniform spread in price; it seems to me that that is the object in setting these grades, and if you do not know when completing your work what the milling value will be, it seems better to say that you will wait a day or a day and a half until the laboratory can make baking tests, and if Four and Five are closer than Five and Six, you might change Five so that it might be nearer the centre between

Four and Six. It seems to me that that would be desirable.—A. You have to take into consideration, Mr. Chairman, the thousand and one buyers back in the country who buy upon appearance.

Q. I suggest that you endeavour to make the grades uniform with those of the year before. I understood you to say that you gave no consideration to that at all.

Hon. Mr. STEWART: For heaven's sake tell them that the purchasing is all done on sample, and if you start to incorporate protein content as a basis of judgment, what a mess we are going to have. Now that we are complaining about the difference in the appearance of the sample from year to year.

*By Mr. Vallance:*

Q. Your argument has proven this year that when No. 4 went on the market there was a big spread between No. 4 and No. 3. Immediately they knew that, the difference in the value of No. 4 came up. If we could get the information suggested by Mr. Coote, well and good, but it does not matter whether you set your sample first and then the milling value, or set the milling value first and then the sample.—A. You have to bear in mind the initial purchaser out in the country is using the general appearance as the basis for setting up your samples. At the present time you take the appearance as a factor in determining the value, and it is recognized as the main determining factor in the grading system, and if your analytical test is the approved basis for the composite sample you would have conflict back in the country by basing your initial grading on appearance, and your standard sample on milling values.

*By Mr. Coote:*

Q. You said you did not make any attempt to make the grades of this year similar to those of previous years?—A. That is correct; all we deal with is the group of drawn samples, those 250 type samples which are representative of the current crop.

*By Hon. Mr. Black:*

Q. Are those 250 bags graded according to the standards of the previous years?—A. The Standards Board is free to go anywhere in the room. These bags are grouped in the room into four groups. Each bag is numbered, the weight per measured bushel is marked on the index bag. Any three men who wish to draw samples from the type samples can go to any of those type samples and make up their composite samples irrespective of which group they are in.

*By Mr. Lucas:*

Q. From what localities do these samples come?—A. The inspector would be more able to tell you that than myself. We do not know the localities. All we know is that there is as much variation in general in these type samples as in the current year's crop.

*By Mr. Garland (Bow River):*

Q. Is it not true that as a result of experimentation in protein in the United States, it has been found necessary to test the standard and would it not be necessary to test your standard as soon as you set it, and subsequently to test further shipments as they came along, because in each year the variety of protein might vary according to the crop?

Hon. Mr. STEWART: And weather conditions.

The WITNESS: There would be a slight variation.

[Mr. John Wellbelove.]



*By Mr. Donnelly:*

Q. Did you see the standards under which our grain was disposed of in the month of September and the early part of October of this last year, the standards upon which the men were doing the grading in Winnipeg, in the late part of September, and early in October?—A. The average Winnipeg inspections are available to us.

Q. Did you see the actual standards upon which these men were basing their judgment on the grain that was brought there at that time?—A. One standard holds good until another is set up.

Q. But did you see these standards this last year; in September did you see the standards upon which they were grading in those months of last year?—A. Each member of the Board has a sample of the standard set in the previous year, which holds good until another is set up.

Q. But did you go to the Inspection Department and see them?—A. We do not check upon the Inspection Department.

Q. There is an impression that during September of this last year there was a different standard to what was set up in 1927, and I want to know whether the standards under which they were grading in September 1928 were the same as in 1927 or not?—A. I take it that that is outside our province as a Board.

Q. I ask you personally if you saw them?—A. No. So far as we know, the 1927 composite sample should be the basis of grading until the 1928 is set up. Back in the country the farmers bone of contention is that so much of our crop is marketed on samples which are not representative of the current year's crop.

Q. But did they buy this year on the standard set up in 1927 or not?—A. I am not in a position to answer that question.

*By Mr. Young (Saskatoon):*

Q. Last evening we were trying to find out who was responsible for calling together this Grain Standards Board, can you tell us that?—A. Dr. Bell, the Secretary of the Grain Standards Board, notifies us five or six days in advance when the Board is to meet. I understand his practice is that when sufficient type samples have been collected to warrant the calling of the Board together, he does so. That is all I know about it.

Q. You do not know whether the Board of Grain Commissioners are primarily responsible? He gets a notice from the Inspection Department?—A. I take it that that is where it originates.

The CHAIRMAN: That is a proper question to address to the Board of Grain Commissioners.

The WITNESS: We have no authority for stating exactly when we will be called again.

*By Mr. Young (Saskatoon):*

Q. You said a while ago that you are called together a little too late?—A. Yes.

*By Mr. Lucas:*

Q. The Inspection Department gathers the samples?—A. They gather the samples. I take it that the chief inspector notifies Dr. Bell, the Secretary of the Grain Standards Board, that sufficient samples have been collected to be representative of the current year's crop. We are then called upon to set up the standards on the samples.

[Mr. John Wellbelove.]

Q. It has been stated that about eighty million bushels were shipped out before the standards were set?—A. The Inspection Department would be able to verify those figures. I understood that about eighty million bushels had been marketed at that time, in September and October. You have also to take into consideration the grain which had passed out of the growers' hands on storage and cash tickets.

*By Mr. Donnelly:*

Q. It would be quite possible that there were 120 million bushels in the elevators in the country?—A. I would not like to hazard any guess upon that.

*By Mr. Coote:*

Q. I wonder if you have had brought to your attention section 42 of the Grain Act, which says,—

“A grain standards board shall be summoned for the establishment of commercial grades and the selection of samples thereof whenever the chief inspector or three members of the said board notify the chairman of the said board that such a course is necessary.”

It seems to me that if three members of the Board think that it is time they were called together, all they have to do is to notify the Chairman of the Board.—A. Until the material is there to set up the standards, for the current year's crop, there is no advantage in that; but as to any subsequent meeting of the Board, that section would apply. In the initial stages, I do not see where any good purpose could be served by any three members calling a meeting until the material is there to work with.

*By Hon. Mr. Stewart:*

Q. I take it that the Committee are pretty well through with questioning you with regard to samples. Is there anything that you can suggest that will help the Standards Board?—A. The calling in or the getting in of the type samples, Mr. Chairman, is a matter which is causing quite a lot of difficulty and quite a lot of trouble out in the country. It does seem to me that it would be possible—I do not know just how you could set the machinery working, but we have in connection with the Pools and the larger organizations the growing crop under continuous survey. Any climatic conditions which adversely affect the crop, such as frost, rust, excessive moisture in any locality, those should be all noted systematically, and from all the different zones in the province type samples could be expressed in, which would bring the Board together I think at a far earlier date than at the present time, and still have representative samples from the province

Q. Is that the only suggestion you care to make?—A. An extra grade. I would recommend that that have your consideration, the putting in of an extra grade between No. 3 and Feed. It would have the effect of closing up these grades. The biggest loser is the man whose wheat is right on the break of the grade; he is the biggest loser the whole way through. By injecting one extra grade, if the general appearance of the different grades were pronounced enough to warrant you taking that step without raising too much conflict in the minds of the elevator men, I would recommend that to your consideration. On the other hand, if we have too many grades, there will not be distinction enough between the grades. The elevator man is going to play safe, and we will be the greater losers. But it does seem to me that there should be a closing up of grades. Each grade would be more compact within itself, and the price values would not be spread over such a large field.

[Mr. John Wellbelove.]

*By Mr. Donnelly:*

Q. Mr. Wellbelove, I understood you to say at the beginning that you were a farmer in Western Canada?—A. Yes.

Q. And that you were conversant with the farmers' complaints, the complaints the farmers have in regard to the marketing of their crops at the present time. Will you tell the Committee what the farmer complains of? I do not mean to refer to the standards. What is the one thing he suffers from at the present time?—A. At the present time he considers the biggest curse is the big profits that come from mixing and the lowering of the values of his wheat on the world's market. He realizes that there should be equitable charges for the gathering, the forwarding, and the marketing of his wheat, but he does object to the mixing of his wheats, which has a lowering effect on values in the world's markets. He does object also to hidden profits between the producer of the grain and the consumer. The farmer is getting to the standpoint where he realizes that his interest in that grain does not rest when he disposes of it to an intermediary buyer; his interest in that grain continues until it is placed on the world's markets for the consuming public. Anything that enters in as a factor in the lowering of those grades from the time the grain passes out of the hands of the initial producer until that grain price is set by the consumer, anything that enters in there, either mixing or anything else, means a detrimental factor in the reflex price back from the consumer to the producer, and is something that at the present time he thinks should be removed.

Q. Does he demand the eliminating of mixing entirely?—A. The commercial organizations are prepared to make some slight concessions along that line. The grower as a grower cannot see why at any one time No. 4 wheat that is bought back in the country gathered into a terminal from all points of the compass, and the out-turn sample should not be fairly representative of the in-take sample; he cannot see why he should make any wide concession to prevent a collection of grain that has been gathered into the terminal under one grade, why any concession should be made in that grade to market that grade.

*By Mr. Coote:*

Q. Do you think he is demanding that an attempt should be made to stop the diverting of cars and that the average going into the terminal should be nearer to what passes the initial inspection point, the same as at the shipping point?—A. He takes a very strong stand with regard to the diversion of cars. The man who gets the advantage of the sample market without its penalties does not recommend himself very strongly to the producer of wheat.

With regard to the proxy system in the car order book, that is abused at a good many points. Shipments are blocked by the proxy system. A little leeway is necessary to enable the man who finds it physically impossible to be present to sign for his car, to appoint a proxy to do so. As a general principle the farmer is asking that the proxy system be abolished.

*By Hon. Mr. Malcolm:*

Q. Certain recommendations have been made to the Committee by officers of the Pool. You are speaking as a farmer?—A. Yes.

Q. I think one of the recommendations you make with regard to the car order book is that only one proxy should be allowed. That recommendation having been made by the officers of the Pool, it will be agreeable to you?—A. It will be agreeable to me.

Q. You are speaking now as a farmer?—A. Yes.

[Mr. John Wellbelove.]



Q. You think that the right of the selection of cars by the mills should be prohibited?—A. Exactly.

Q. One of the pool officers last night gave the Committee evidence to the effect that the Pool had recently declined to allow this to go on any longer; he stated that the Pool was not relying on any further selection of cars by the mill, but admitted that they had previously done so. You are in accord with that?—A. Yes.

Q. In the third place, on the question of mixing, which is going to take up the time of the Committee in connection with grades, we would like to have the benefit of your opinion upon that. The Pool officers said that they had come to an agreement among the three provincial pools, that the raising of the standard of the out-turn at the terminal elevators to seventy-five on the average and twenty-five on the minimum would to a large extent eliminate mixing, and they recommended that as an amendment to the Act. Are you in favour of that recommendation or are you in favour of the complete elimination of mixing, by statute?—A. That is a step in the right direction, but at the same time it is a concession to the man who is growing low-grade wheat. While that twenty-five per cent minimum has already shown up in the general inspections at initial shipping points, it is difficult to prove conclusively to the farmer why it should be necessary again to take twenty-five per cent of the minimum and mix with seventy-five per cent of the average crop for out-turn standard.

*By Hon. Mr. Motherwell:*

Q. In other words, he does not believe in having two bases, one for the farmer and one for the outgoing?—A. He objects to that strongly. We recognize that the organizations are closer to the purchaser than we are on the farm. While he is in favour of the gradual elimination, the ultimate elimination of mixing is his absolute goal.

*By Hon. Mr. Malcolm:*

Q. There is one other point: you contend that the farmer loses by mixing; that if some intermediary comes between him and the ultimate consumer he loses; if somebody is allowed to take the profit between him and the ultimate consumer. Fifty per cent of our grain, or possibly more, is handled by the co-operative selling organizations. Is there any loss by mixing, do you think, even with a co-operative organization, laying aside the question of quality, which is always a factor; do you think there is a loss on the Liverpool market by selling mixed grain, if even sold by the Pools?—A. I would not like to speak with any authority about any advantage the Pool derives, but in regard to mixing, you will have an awful job to prove to the farmer in the country that he gets any advantage out of mixing when he has no control of it from the elevator to the terminal. We have been preaching throughout Western Canada that we have to raise our standards of production. If we go out and preach that gospel, and the Dominion of Canada allows the lowering of that standard, on out-turn you cannot convince the farmer that it is necessary to raise that standard of production, and just as soon as he loses that viewpoint your position on the world's markets is gone, because he might as well cultivate Durums and other low grades as not. We have to bring every possible influence to bear on the farmer to show that there is uniformity of opinion as to what should be done with the grain from the time it leaves the wagon box until it gets to the Liverpool market.

*By Mr. Donnelly:*

Q. You spoke of the seventy-five per cent and the twenty-five per cent. Do you know any reason why we should not go to the ultimate goal instead of going slowly?—A. As a farmer, I do not.

[Mr. John Wellbelove.]

*By Hon. Mr. Stewart:*

Q. May I ask this question as to the out-turn from the terminal elevators. The standards are fixed there by the inspection officers. Do you think there would be any advantage if that should be referred to the Standards Board; do you think that would create a feeling of more confidence?—A. I think it would lead to more uniformity, Mr. Chairman, and anything that leads to uniformity would lead to confidence, or would be quite a factor in creating confidence.

*By Hon. Mr. Motherwell:*

Q. May I refer to your evidence, where you intimated that there was a very wide disinclination on the part of the Grain Standards Board to set the standard on any other basis than appearance, that is, by the baking of loaves as illustrated by Dr. Birchard. Was appearance not entirely disregarded, and is that not a reason why the buyers of our wheat on the other side buy on the basis of appearance, and that those standards must be set on the basis of appearance?—A. I think that Dr. Birchard's work is of tremendous importance to us as producers of grain, as confirming the standards set up, but as outlined in my previous evidence. I do not see how it can be decided on anything but appearance. Dr. Birchard's evidence should not be the determining factor, but it is invaluable to us to have the milling value of that grade confirmed, once it is established.

*By Mr. Carmichael:*

Q. The honourable Mr. Stewart asked for your recommendations as to what should be incorporated into the Act, such as the getting in of the samples earlier, and the extra grade. You also made mention that after the standards were set up it would be advisable to have milling and baking tests made of such samples. Would you consider it advisable that it should be made obligatory by statute, or by some regulation, that such tests should be made and the results given out at the earliest date possible?—A. I think, Mr. Chairman, it would be of decided advantage to us as producers if it were made obligatory by statutory regulation, for the simple reason that we have a definite goal to which we are aiming. We are now offering the product of our farmers on the world's markets on its appearance, not on its milling value. It would be of tremendous value to us as farmers if it were made obligatory by legislation.

*Hon. Mr. Motherwell:*

Q. You think there is an educational campaign on in the West in regard to the value of protein, on the basis of valuation. That is taking place on the Grain Standards Board as well as elsewhere?—A. Certainly.

The CHAIRMAN: I take it that the Committee will now release Mr. Well-belove.

Hon. Mr. MALCOLM: I would move a hearty vote of thanks to Mr. Well-belove for the clarity and conciseness of his evidence this morning.

Witness retired.

The Committee adjourned.

HOUSE OF COMMONS,

THURSDAY, April 11, 1929.

The Select Standing Committee on Agriculture and Colonization met at 4.20 p.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Order.

We finished yesterday with Mr. Wellbelove, and Mr. Serls another member of the Standards Board is present. Will Mr. Serls please come forward.

GEORGE SERLS called and sworn.

*By the Chairman:*

Q. Mr. Serls, I understand you are a member of the Standards Board. Is that right?—A. Yes. The first thing I would like to know is what is wanted. What do you expect?

Hon. Mr. STEWART: Mr. Chairman, I think Mr. Serls has brought up a very important matter in connection with the evidence to be taken before this Committee. Each witness is covering a large amount of ground that has been covered by the former witness, and I would suggest first, that Mr. Serls—this is just by way of suggestion—tell us in what way he thinks the Grain Act might be amended to make it easier, better or smoother working for the Standards Board. That is the matter we are discussing just now.

If each witness is going to be taken over the Grain Act in all its ramifications, we will be here all summer. But there are a few important things which this Committee is investigating, and one is in what way can we, as members of the Committee, assist in suggesting amendments to the Act itself which will assist in tightening it up, if necessary, or make it easier for the Standards Board to operate.

The CHAIRMAN: Before you go on, Mr. Serls, I would like to endorse and repeat what Mr. Stewart has said about the members leading the witnesses all over the field. We expect to have witnesses who are experts on the different phases of the Grain Act, and it would be very much better in every way if the members of the Committee would confine themselves to the subject on which the witness is an expert.

Mr. Serls is on the Standards Board, and that is what we have been discussing at the last two meetings?

Mr. MILLAR: Mr. Wellbelove was questioned on the details of the Grain Standards Board, and I thought he was asked about details which he, as a new member of the Board, was hardly able to answer. I think some of the members would like to have more details from Mr. Serls than they could obtain from Mr. Wellbelove. I know I have some questions I would like to ask.

The WITNESS: As far as the changing of the Grain Act, as far the Standards Board is concerned, I do not see that anything can be done. That is a matter, I would say, entirely for the Standards Board to figure out for themselves. As I understood from Mr. Wellbelove, the question asked him was why they could not get these standards set earlier. Well, my experience has been, over a good number of years, that some years we get the samples much sooner than others. For instance, last fall we had good weather conditions, and when we have a season of that kind we always get the samples for the Standards earlier. About the 9th or 10th October they were procured this year. The usual time has been around the 25th October.

[Mr. George Serls.]



You must understand that the season has more to do with that than anything else. For instance, they start harvesting, and then weather conditions get bad, with rain. If you get your samples right at the very start, before the rains come, and then the rain comes and bleaches the wheat or sprouts the wheat, together with other climatic conditions, your standards will not represent the crop of the country. Then what are you going to do? Some say, Well, we will make a new standard. The standards when made are distributed all over the world. If you had to recall those standards and make new ones, you would upset the whole marketing of our crop, in my opinion.

As far as the Canada Grain Act is concerned, in connection with the standards, it describes what shall be done and then it is left to the Chief Inspector and members of the Board to carry it out.

*By Hon. Mr. Motherwell:*

Q. There is no complaint about the personnel of the Board, as far as you know?—A. Not that I ever heard, no.

Q. And that difficulty about getting the samples earlier, Mr. Serls, either too early, or too late, that has been a difficulty which you have experienced since the Board has been established?—A. Yes.

Q. It depends upon climatic conditions?—A. Altogether on the time of the harvest.

*By Mr. McIntosh:*

Q. On the whole, you could speed it up somewhat, could you not?—A. It has always been the object of the Chief Inspector to speed it up to the very limit, knowing the necessity for doing so. It has never been delayed a minute longer than possible.

*By Mr. Millar:*

Q. Then you say, Mr. Serls, the deciding factor as to when the Grain Standards Board shall be called is the weather rather than the standards.—A. The weather conditions, as a rule. As far as I can see, I do not think I can tell you more than you have been told on this matter, unless you want to ask questions.

Q. In drawing the samples to be used by the Grain Standards Board, is it the hope to get a sample of every type of wheat that is likely to come forward in that season?—A. The way, in getting the samples, is to get type samples from every district in the three provinces.

Q. Every district?—A. Yes. You would not get them from every station, but they cover the districts in the three provinces.

*By Mr. Vallance:*

Q. I notice in the composition of the Board that the producers are represented on the Board.—A. Yes.

Q. And the technical agriculturists, the grain trade, and the mills. I notice you are down here as a technical man on the Standards Board. Is there anything you can tell us, as a technical man, that Mr. Wellbelove failed to tell us yesterday as a farmer representative on that Board?—A. I do not know why I am down there as a technical man. I do not understand that at all.

Hon. Mr. MALCOLM: As a matter of fact, Mr. Chairman, there were supposed to be just two classes on the Standards Board, the producers and those in the trade. When I was analyzing the list, I divided it as it is here; those who are actually farmers, and the professors at the colleges. I made them up in that way rather for my own convenience.

[Mr. George Serls.]

The WITNESS: There is one thing I would like to say, and that is in regard to the question asked of Mr. Welbelove in regard to the matter of the old standards, the previous year's standards. He stated that there was no attention paid to them.

At all times, since I have been connected with the Board, the standard samples of the previous year, and the average samples of the inspection of the present crop up until the time of the meeting of the Standards Board, are always before the Standards Board. And it has always been calculated that we work as near as possible to the previous year's standard, if not in appearance at least in milling value.

*By Mr. Millar:*

Q. As far as judgment can determine?—A. Yes, the idea is to keep the Standards as uniform in value from year to year as is possible with the conditions of the crop.

Q. Are any of those samples sent in by express, or are they all drawn from the cars as they are received in Winnipeg?—A. We used to get our samples from the agents of the Line Elevator Companies throughout the country sent in by express, in two bushel samples. But we found that fifty per cent of those samples were of no value to make Standards. The agents would send in wheat that would be wet, wheat that would be smutty, or with mixtures of other grains, so that they could not be used at all for making the Standard. Then we selected our samples from the cars at the time of inspection. We would select cars that would be suitable for the making of Standards and from the different districts, and wire Fort William to take a bag out of those cars; and those samples would come back to Winnipeg for the Standards meeting. We found it very much more successful in that way.

*By Hon. Mr. Stewart:*

Q. Is that the system which you pursue now?—A. Yes, that is the system in vogue now.

*By Mr. Millar:*

Q. The samples on which the Grain Standards Board would operate would not contain all the types of grain that would be received?—A. What do you mean by all the types of grain? Do you mean the different varieties of grain?

Q. I mean all the different types of grain—do you try to get as many different types of grain from the country, or do you select different types for your own purposes?—A. Certain types or certain varieties, do you mean?

Q. You spoke of some that were entirely unsuited—why so?—A. I told you, on account of being wet, or on account of being smutty, or for other reasons.

Q. That is types which would not be accepted?—A. You would not make a Standard with wet wheat, nor you would not make a Standard with smutty wheat in it; and that was our trouble.

Q. But you would try to procure all the types which would be permitted to go into the lower straight grades?—A. Yes.

*By Mr. Vallance:*

Q. Mr. Serls, before establishing a Standard, do you send out to the country, to the elevators, or have you an organization of your own, which collects these for you each year?—A. At the present time they are collected by the Inspection Department.

Q. And they have individuals that go out and gather these samples, do they?—A. They are taken from cars selected by the Inspection Department at the time of unloading.

[Mr. George Serls.]

Q. So that you do not meet to set the Standard until the crop is moving?  
—A. It would not be possible.

Q. We are beginning to argue that it is possible. It has been suggested that there is some method whereby we could get these samples a little earlier into the hands of the Standards Board, and that they meet earlier. It was suggested by Mr. Wellbelove, I think, yesterday that it could be done. From your experience on the Standards Board, of which I suppose you have considerable, is there not some suggestion which you could make? Some suggestions were made yesterday by Mr. Wellbelove with which perhaps you could not agree; but is there not some suggestion which you would make to this Committee as to speeding up the time when the Standards Board could meet?—A. Well, with the co-operation, say, of the Pool, which has the largest number of elevators through the country, it might be speeded up a little. But the great trouble, as I have told you, is to have a Standard which will fit the crop. If it is made too soon, and weather conditions change, then your Standard will be of no value.

*By Hon. Mr. Forke:*

Q. Is it not true that the farmers as a rule thresh their best grain first, and, consequently, if you wait to have samples of all the kinds of grain you are going to be late in getting your samples, because the poorer sample is not going to come in until perhaps sometime later than the best grain?—A. Very true. It is not that the farmer threshes his best grain first intentionally, I do not think, not so much as the earlier farmer, or the farmer in the earlier districts.

Q. It makes it difficult to get samples of the poorer grades?—A. Yes, the damaged grain.

Q. Do you think some method could be found whereby you could get those samples instead of having to wait until the cars come down to Winnipeg, getting them as they come in from the country districts?—A. I suppose something of that kind could be done. Men could be sent through the country to collect them. But would that represent the crop when you market it?

*By Mr. Vallance:*

Q. Then, Mr. Serls, I would gather from your talk that you think the present system is the only equitable and just way of setting the standards?—A. I am not saying that. We have found it to be the only way whereby we could have a standard set that would represent the crop.

*By Mr. Lucas:*

Q. I understood yesterday from one of the witnesses, that there were about 250 samples collected throughout the west from which you draw samples to form the standard, is that correct?—A. From 250 to 350.

Q. Could you tell the Committee in what proportion those samples are drawn from the various provinces?—A. Well, the large percentage of them are drawn from Alberta and Saskatchewan—the largest percentage from Saskatchewan, and less from Alberta.

Q. Well, in your experience does the grain come on the market any earlier from Manitoba and Saskatchewan than it does from Alberta?—A. Yes.

Q. Then, if you would set an earlier date for collecting those samples you would not have as representative samples from Alberta as those drawn a little later?—No.

Q. We think out there in Alberta that we grow a pretty good sample of wheat, and that sufficient of the Alberta wheat is not mixed with these samples in order to give Alberta a square deal on that?—A. Well, some years that might have occurred. This past year, the standard, as set, suits the crop, that is commercially; it suits the crop of Alberta as well as that of Saskatchewan.

[Mr. George Serls.]



*By Hon. Mr. Stewart:*

Q. I would like to get your opinion on the question asked, a little more concretely than Mr. Vallance got it, that is, in connection with the selection of these samples by the Standards Board, because it has been suggested by former witnesses here that if an agency were created all through the provinces for gathering in samples at the first threshing and forwarding them to Winnipeg that there might be a much earlier date for the fixing of the standards. I understood you to say that the method that was tried by having the local elevator operators send you in samples from the various sections, all through the country, had proved unsatisfactory, that they were not fair types of the crop, and that you did not have the same success by that method as you are now having by drawing from the cars themselves as they come forward for inspection?—A. That is right.

Q. In your opinion, if the method were adopted, as suggested by the pool, of gathering those samples early, would you get as fair a standard of the quality of the crop as you are getting by the present system?—A. You might occasionally, a season like this last, when there were no weather conditions to affect it.

Q. Take the average year.—A. Taking the average year, no. It would not do at all, in my opinion.

*By Mr. Millar:*

Q. You have already named one matter that is given consideration in deciding those standards, that is the value of the wheat. I suppose there are other considerations. Would you mind giving us the matters that are given consideration in collecting those samples?—A. The only consideration that is given is to keep the standards as uniform as possible, and in making those standards to make the spreads as uniform as possible. In doing so, you make the milling value of them as uniform as possible from year to year.

Q. There is nothing given consideration except the value and the keeping of uniformity?—A. Yes, as far as I know. Of course, we have had milling and baking tests, but when you come to look at samples of grain and try to guide yourself with the milling values of them as to what you shall decide, well, you are liable to go wrong.

Q. The time has arrived I suppose, when, frequently you would expect a certain amount of Durum wheat to come along with a carload that may be Four. Would any Durum be permitted in the standard you would make up because of that fact?—A. When the standards of the commercial grades are made up, in handling our wheat the elevator handles all wheat coming in to it from that district, and there may be a certain amount of Durum wheat coming in there along with other spring wheats. No elevator can handle those different varieties of wheat; and not get a small percentage of Durum wheat in with the others. There will be a little in the boot or the leg of the elevator. It will show an odd kernel in it. When the standards are made they sprinkle a small proportion of Durum wheat in just to show the man who is buying the grain that there might be the odd kernel of Durum wheat in it.

Q. That is the fact, that Durum wheat of those types would come forward, or are likely to come forward and are given consideration when you are making up the samples?—A. Yes.

*By Hon. Mr. Motherwell:*

Q. We always, I think, have had this difficulty about getting samples for the commercial grades. If we could reduce the minimum of those commercial grades I suppose it would be desirable. Do you think the English language is good enough to cover say No. 4 in addition to the present contract grades. We

[Mr. George Serls.]

have never tried it, except as an experiment, but do you think it could be done?—A. Well, I attempted it. I worked pretty hard for months on it and I failed absolutely. The conditions are so different from year to year that you cannot make a standard by description for those commercial grades.

Q. That has been everybody's experience.—A. That has been my experience.

*By Mr. Garland (Bow River):*

Q. Is there any way in which a uniform standard could be established from year to year? You just mentioned that it could not be established under the present system. Is there any system that you can think of whereby a uniform standard could be established?—A. It is another system that we are speaking of, the system of giving the percentage of damage allowed in those different grades. As I stated, the damage from year to year is so different. It may be rust damage, or frost damage, or sprouted grain, all those things, hailed grain, and other damage.

Q. In your opinion, is it humanly possible to make the same standard hold good for a period of five years, say, as to No. 4; would it be the same standard five years from now?—A. No, the standard would not appear to be the same. You might keep it near in quality, that is in milling quality, but the appearance would not be the same.

*By Mr. Cayley:*

Q. Mr. Serls, could you get that average over a period of five years?—A. I do not see how you could. For instance, you take this year's standards, the damage is all frost; the next year you might have no frost at all, but you might have damage from rust, or sprouted grain, hail, any or all of these things. The standard made then with the frosted wheat would not fit that crop at all. If you shipped out wheat on that standard, they would immediately tell you that your standards did not represent the wheat they were getting.

*By Mr. Bancroft:*

Q. Mr. Wellbelove suggested yesterday that we might have two standards; he offered as a suggestion one standard for grain damaged by frost, and another standard for grain damaged by rust. These are the two most prevalent causes I think for grain being de-graded into the commercial grades. What would you think about that?—A. The years we have had rusted wheat to any extent we have always made up two sets of standards, a standard for rusted wheat, which would be classed as Four, and there would be the usual No. 4 wheat.

Q. Four, because of rust?—A. Four because of thinness from rust.

*By Hon. Mr. Motherwell:*

Q. Would it not work out to almost invariably the same price in the market?—A. There would be very little difference, if any, in the price. But they do not blend together. One is a thin rusted wheat with a light weight, while the other would be a heavy wheat with the frost, and if you mix them together they will make anything but a desirable looking sample.

*By Mr. Bancroft:*

Q. That is why he suggested the two samples?—A. That has always been done where there has been an appreciable amount of rusted wheat.

*By Mr. Millar:*

Q. I believe you were present yesterday when I asked Mr. Wellbelove if he would like to comment on Dr. Larmore's evidence before the Grain Enquiry Commission at Saskatoon; Dr. Larmore was a chemist, and he stated that his

[Mr. George Serls.]

investigations had proved that within the same grade, one of the lower grades, he had found grain that varied in value to the extent of fifty per cent.—A. No, I would not like to comment on that.

Q. Would you say that the visual test is sufficient, so that that could not occur?—A. I would not expect it to occur.

Q. You would think that it could hardly occur?—A. Yes. That is an awful variation—fifty per cent.

Q. That was the evidence at Saskatoon?—A. That is, in my opinion.

*By Mr. Donnelly:*

Q. Mr. Serls, the inspectors, as I understand it, set the three standard grades, the three statutory grades, do they not?—A. Yes.

Q. Has that turned out satisfactorily from year to year?—A. It always has been satisfactory.

Q. Do you not think the inspectors could also set the other standards as well, instead of having the Grain Standards Board at all?—A. I think they could beat the Grain Standards Board considerably, in my opinion. But you would be putting a responsibility upon an inspector that would drive him out of his position immediately.

Q. But you think he could do it just as satisfactorily?—A. I think he could do it more satisfactorily. I was asked to consider that at one time, when I was chief inspector. The farmers at that time that were on the Grain Standards Board suggested that I should be asked to make the standards. I told them that that would be all very well, but I did not want the responsibility.

Q. Do you not think that that would help to speed it up, if we did not have to call in all those men from all parts of the country to confer?—A. No, I do not think it would. It would not, because the inspector advises the farmers or the members of the Board time enough ahead to be there, and there is no delay in that respect.

The CHAIRMAN: The Committee will adjourn until to-morrow morning at eleven o'clock.

The witness retired.

(The Committee adjourned until Friday, April 11, 1929, at eleven o'clock.)



## HOUSE OF COMMONS

FRIDAY, April 12, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11.00 o'clock, the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Gentlemen, the Clerk has just handed me a letter which came in this morning from Dr. Birchard. He says:—

I am enclosing herewith a statement to be filed with my evidence in connection with the loaves exhibited to the Committee on Agriculture at the time my evidence was given.

I am to-day in receipt of a preliminary copy of this evidence, and it would be appreciated if this data referred to in this letter can be included in the final publication.

Of course, there is no authority to have this printed, unless the Committee authorizes it and wishes that it be printed.

Mr. McMILLAN: I move that it be printed.

Mr. GARLAND (Bow River): What is it, Mr. Chairman?

Mr. COOTE: I would move that it be referred to the sub-Committee, for them to report.

The CHAIRMAN: I think that would be better, Mr. Coote. Is that agreeable?

Motion agreed to.

The CHAIRMAN: I may say, Gentlemen, that Mr. Symes the Chief Inspector at the head of the lakes is here, and is very anxious to be heard to-day if possible. A member of his family is very ill at Fort William, and he is very anxious to get back as soon as the Committee will release him. I gather that there is not very much more to ask Mr. Serls whose evidence was perhaps not completed yesterday and I would ask the members of the Committee to be brief.

Mr. MILLAR: Mr. Chairman, yesterday while Mr. Serls was on the stand I referred to some evidence given before the Saskatchewan Grain Commission by Dr. Larimore, at Saskatoon. I would like to be given the privilege of reading into the record the exact statement given by Dr. Larimore.

Mr. GARLAND (Bow River): I am not certain, Mr. Chairman, that this is either the time or the place for the insertion of any statement given by Dr. Larimore.

Mr. MILLAR: In any case, I would like to read this into the record here.

The CHAIRMAN: What are you going to read?

Mr. MILLAR: The statement I referred to yesterday. It consists only of two or three lines.

The CHAIRMAN: I understood you to say that this was some part of the proceedings before the Saskatchewan Royal Commission.

Mr. MILLAR: It occurred in yesterday's evidence, a statement I made yesterday. At that time I did not have the exact words of Prof. Larimore. I now have his exact words.

The CHAIRMAN: Until the Commission's report is here, I do not think we should discuss some part of a newspaper report.

Mr. MILLAR: The evidence has been published in a newspaper, and this is the newspaper report of what he said. It has been made public.

The CHAIRMAN: We will have the report before us one of these days.

Mr. MILLAR: It is only three or four lines, anyway. This is the place where it ought to go in, because this was the point we were at when we broke up yesterday. I think this is the proper place to put it in, Mr. Chairman.

The CHAIRMAN: The rule of the House which is applicable to the Committee does not permit reference to a matter sub judice. The evidence you are proposing to read is now under the consideration of the Royal Commission. We are going to have the interim report of that Commission here, and that will be the time to discuss it in full.

Mr. MILLAR: Has a member not the privilege of reading from a newspaper article? It is an extract which is before the public.

The CHAIRMAN: You cannot bring it into the committee that way.

Mr. MILLAR: That is your ruling, that I am not allowed to read this extract?

The CHAIRMAN: Yes.

FRED SYMES called and sworn.

*By the Chairman:*

Q. Will you state to the Committee, Mr. Symes, your position, that is, your official position, and whom you represent before this Committee?—A. My position, gentlemen, is Inspector in Charge at the head of the Lakes terminals, taking instructions of course from my Chief Inspector, and seeing that the work of the Inspection Department is carried out carefully by means of taking authentic samples, from the various houses, and seeing that they are graded properly, inspecting and reinspecting, and checking cars where we have received any notice from the chief inspector or anybody else, to look and see that those cars have been properly sampled and the samples given consideration and close checking. That would be my duty inward and outward on all samples.

Q. At what point?—A. At the point of unloading.

*By Mr. Donnelly:*

Q. At Fort William or Port Arthur, or both?—A. Both.

*By Mr. McMillan:*

Q. Is that where you get the bulk of the samples?—A. Yes, at the unloading point.

*By Hon. Mr. Motherwell:*

Q. Do you mean standard samples, the samples by which the outgoing cargoes are graded; is that what you mean?—A. Inward and outward.

*By Mr. Coote:*

Q. Tell the Committee how the samples are taken by your Department at Fort William, I mean how the carload samples are taken for reinspections, or for the inspection of cars that are too full to inspect at Winnipeg?—A. The sample until very recently was taken by two methods; one was at the unloading at the car door, on a check sample taken from the running stream being conveyed from the pit to the leg, what we call a running sample, and if those two samples were at great variance we would send a man upstairs to take it running from the scale to the bin so that we would have three samples, if there was any doubt about it.

[Mr. Fred Symes.]

Q. Is it always necessary to have three samples?—A. No, not always if it was checked at Winnipeg, at the unloading, and downstairs, on the running sample that would be sufficient.

*By Mr. Coote:*

Q. Are all grains inspected, whether at Winnipeg or not, by an inspector?—A. No, sir, not all. This last season, as you are well aware, the Pool established a system of re-sampling every car that comes in belonging to the Pool, and then, as you are also aware, there is an automatic sampler, which has proven to be very efficient, to my mind.

Q. Would you recommend the automatic sampler for all samples of the inspection department at Fort William?—A. Yes, I certainly would. The majority of the elevator companies are placing them in their elevators at the present time. We have several elevators which have put them in, and more are putting them in. When they started I can tell you I had a very prejudiced mind when we went to make the first tests of the automatic sampler, but I changed my mind when I made a check of the probe sample. We take the check at the car doors, the probe sample; we take it at the unloading before it arrives at the automatic sampler. Then we send a man upstairs, and take a sample from the run to the bins; so we have four samples. The automatic sampler is in our opinion better even than the other methods.

*By Hon. Mr. Dunning:*

Q. You mean a truer sample?—A. A truer sample because we are taking them more frequently, as they are continually passing through the stream. When these automatic samplers are placed in the position in which we require them, as has been done in every case, and they are built to stand the strain, no expense should be spared to put them in, and I have no doubt that it will be provided.

Q. Whereabouts do you put them, Mr. Symes?—A. Well, as the stream discharges from the belt into the leg, we place these automatic samplers to come right underneath and through that stream.

*By Hon. Mr. Motherwell:*

Q. Have you ever tried them for the outgoing grain?—A. Mr. Motherwell, if somebody could devise some method of instituting that sampling for outgoing, with the tremendous force of grain going in to the boat, if you can get anything better than a man's arm, we would like to know of it.

*By Mr. Millar:*

Q. You speak of outgoing; is it within your knowledge that the inspectors notify the elevator management from time to time that the stream is running too thin and ask them to make it a little stronger?—A. Instructions are given to our inspectors to be courteous, and if they are asked for information as to whether it is up to grade they say "Yes" or "No."

*By Hon. Mr. Dunning:*

Q. But they are just sampling. You have an inspector at the boat?—A. We have an inspector at the boat, but his grade is not final.

*By Mr. Millar:*

Q. That means that it enables them to skim it down closer to standard; the information given from time to time enables the elevator people to skim it down closer to the sample?—A. Sometimes they might, but I do not think so, for this reason, that no inspector is going to say that his sample, running from the mixing house, is too good.

[Mr. Fred Symes.]



*By Hon. Mr. Dunning:*

Q. Why not?—A. Why should he have the mixing houses go and reduce it? We do not want them to reduce it.

Q. But I understand you are making a positive statement. You say no inspector ever would. I just want your reason for saying that.—A. My past experience from sampling on boats myself, and the training we give our men.

*By Hon. Mr. Stewart:*

Q. Are these samples taken from the boat brought into your office and re-inspected?—A. These samples are taken off the boat, but they never leave the inspector's hands. He carries them to the inspector in charge of the elevator, he examines them, make out his report, places those samples in a bag, the same as a mail bag; it is a mail bag we use with a Yale lock on it. Nobody has a key but the inspector, and there is a master key at the office, so there is no chance whatever of these samples being tampered with from the time he finishes his grading until they are placed in our offices.

*By Mr. Millar:*

Q. In regard to the outgoing samples, does not this information given from time enable them to avoid the danger of under-grading and losing a grade?—A. If you tell the man that his sample is running too close, he will build it up.

Q. It enables them to skim it down very close to the standard?—A. It creates considerable trouble, gentlemen, when a cargo is loaded on to a vessel and is turned down, for this reason, that the cargo does not fill the contract, for the people who have bought it, and therefore it is going down the lakes at the mercy of being uninsured.

Q. Not insured?—A. Not insured.

*By Mr. Fansher (Last Mountain):*

Q. How many inspectors have you at the elevators inspecting outgoing cargoes, when one boat is being loaded; how many inspectors would be on the job?—A. There would be one inspector to two streams; if there were three streams, he would have a sampler with him. The grading of that sample is not done until the cargo is completed.

Q. How many inspectors at the different houses would be working on the same day?—A. All of them that would be there.

Q. What is the number?—A. In some places from two to five.

*By Hon. Mr. Dunning:*

Q. That would depend upon the number of boats you have to load.—A. It would depend upon the size of the house and the amount of work you have to do.

*By Mr. Fansher (Last Mountain):*

Q. I understood you to say, if I heard you correctly, that no inspector would say that a stream of wheat was too weak or too strong?—A. My experience has been that I have never heard of it.

Q. I could agree that he should not say so, but to say that an inspector would not say so is another thing because we have had reports in the west where inspectors have intimated that the stream was too strong?—A. Not to my knowledge, and, as I have been training men now for a good many years at the head of the Lakes, with a large number of inspectors before me, I do not think if I went to an inspector he would say, "It is too good, you had better reduce it."

[Mr. Fred Symes.]

*By Hon. Mr. Dunning:*

Q. Comparing the present system with the condition which existed when you were inspecting altogether out of the public houses, a number of years ago, would you say that the difficulties of outward grading have been increased by all the elevators going private?—A. No, sir.

Q. It is not more difficult?—A. There is no more difficulty from the private houses than there is from the public terminals, not a bit.

*By Hon. Mr. Motherwell:*

Q. Where do you get your standard by which the private terminals put out their cargoes?

*By Hon. Mr. Dunning:*

Q. Perhaps I did not make my question quite clear. Under the public terminal system as it formerly existed at the head of the Lakes, grain of a low grade had to be binned together; I suppose that is still in use at the public terminals?—A. Supervision of milling?

Q. Yes.—A. We do not supervise milling.

Q. Not at public terminals? That has been abandoned?—A. It was an impossibility.

*By Mr. Cooté:*

Q. On that, would you tell the Committee how your Inspection Department works at a public terminal—that is the inspection in and out?—A. The inspection at a public terminal is the same as at a private terminal.

Q. Have you any inspectors working inside the terminal?—A. For inward or outward, are you speaking of now?

Q. I want to know if you have inspectors located right in the public terminal, and what their duties are at that terminal, both inward and outward, and all the work they have to do.—A. For outwards, the inspector would be around supervising his samplers; but the method of doing it would be exactly the same in a public terminal as in a private terminal. That is for cars arriving. For outward terminals it has been the policy in the past for the inspector to draw a sample as being run from the belts in the basement—a method that I have asked to have corrected. You must know, gentlemen, if you take the number of elevators we have working, the facilities that are afforded these men, on account of light, are rather inadequate inside. In fact there is no elevator to-day which is running, where we sample inside, where a man can judge his grain without going to the light.

*By Hon. Mr. Dunning:*

Q. If there is no supervision of binning in public terminals how can you assure yourselves that the public terminal is obeying the law and binning grain only with grain of like grade?—A. By the way it comes out.

*By Hon. Mr. Motherwell:*

Q. That is just the same as you do in a private terminal, you have no access to the private terminal by keeping guard on what goes on on the belt?—A. There is no inspection of that.

*By Mr. Donnelly:*

Q. In other words, the private terminal is run just the same as the public terminal?—A. Yes.

Q. So that for practical purposes our public terminals might be private terminals at the present time?—A. There is only one way by which it could be done, and that would be by duplicate crews, or running the terminal yourself.

[Mr. Fred Symes.]

*By Mr. Garland (Bow River):*

Q. Was there something done by way of an attempt to prevent improper binning of grades?—A. It was proved a failure because we could not keep tab on it.

Q. Why could you not keep tab on it?—A. The Government man would not be in the elevator after hours; and it is a pretty difficult thing for one man to check up four or five—

Q. But surely the Department was always ready to supply you with the necessary men so that you could fully supervise the binning, both during and after hours. Have you ever made any recommendation to the Department requiring extra men in order to make a more efficient supervision of binning?—A. You could not do it; from my experience it is a practical impossibility for a Government man to supervise the binning.

Q. That is a statement, but will you tell us why?—A. I have already told you that the distributor assumes the duty of distributing all grain, which is why I say that there would have to be two distributors, the Government man, and the Elevator man.

Q. Do you not think, even if your inspector was not in a position to inspect the actual binning of every load his presence in the elevator and his constant check would be a deterrent, at least, that it would prevent abuse.—A. We had men doing it, sir, but it proved a failure.

Q. Do you mean to say, then, that your men failed to present the improper binning of the grades and that they could not help the mixing in the publics—that is the only conclusion that could be drawn from what you say?—A. I might explain possibly a little further. We have at the present time, as you know, a large number of grades of wheat. You will concede that, won't you? An elevator with five hundred bins which would be an extra large one, and six hundred grades of wheat, besides oats, flax, rye, screenings—you can figure that out for yourselves.

*By Mr. Coote:*

Q. Would you ever have that many grades of wheat in a public terminal?—A. We have had over three hundred grades of wheat in a terminal.

Q. Not five hundred?—A. I was giving that as an example. I have checked up over three hundred grades of wheat in a terminal.

Q. Would you mind giving the Committee a brief idea of just what those different grades would be for a public terminal?—A. You have your One, Two, Three, Four, Five and Six; and you have your No Grade, One, Two, Three, Four, Five, Six. Then you have Rejected in the same grades; and the Smutty in the same grades; and so on.

*By Hon. Mr. Motherwell:*

Q. There would need to be fifty combinations of each separate grade to make three hundred. Can you run through some of those fifty combinations?—A. I was giving them then, Mr. Motherwell. There are your Straight grades, and your Tough, and your Damp, and your Rejects; and then your Rejects, Tough, and Damp; and your Smutty, and so on.

*By Mr. Garland (Bow River):*

Q. With these difficulties, Mr. Symes, you admit that mixing takes place in public terminals?—A. How can you help it?

*By Mr. Coote:*

Q. Mr. Symes, if all off-grade wheats were not allowed to be taken into public terminals, then would it be possible to have proper supervision of public terminals by your officers.—A. With the public terminals just taking the straight grades and no off-grades?



Q. Yes?—A. If you cut down to just the straight grades of wheat, then yes.

Q. Then you could, with your inspecting officers, supervise the binning in those public terminals?—A. Yes.

*By Mr. Millar:*

Q. In 1925, a witness, I might say, Mr. Serls, as I think you will remember, was asked about how many grades of wheat there were, and he said about a hundred. Can you give any reason why there should be the enormous increase, from 1925, from one hundred to about five or six hundred in 1928?—A. Your climatic conditions have a lot to do with it; and then you have a lot of the Durum wheats. You are getting more varieties. In the early days we were not dealing in the White Spring which we are having now, and the Durum we never had.

Q. Who decides the number of grades?—A. That is for the Chief Inspector, Sir, to answer. I do not think that comes under my jurisdiction at all.

*By Mr. Garland (Bow River):*

Q. When did bin inspection of the public elevators cease?—A. When the grain has gone down.

Q. You told us a little while ago that you had taken your inspectors out of the publics as you found it useless?—A. Not the inspectors, but the supervision, Sir.

Q. The supervision of the binning, and that you have ceased to supervise binnings in the public terminals. When did you stop that supervision?—A. That would be eight or ten years ago.

Q. Then for eight or ten years the public terminals have violated the Act?—A. I would not say they did not.

*By Hon. Mr. Motherwell:*

Q. How many public terminals are there now?—A. Four.

*By Hon. Mr. Dunning:*

Q. The difficulty which you point out is one which you urge as a practical difficulty?—A. Yes.

Q. The Elevator Company has a man in charge of distribution?—A. That would be downstairs, yes Sir.

Q. I am thinking back quite a number of years, since I have been familiar with the internal workings of a terminal. That distributor on the floor absolutely controls the distribution of the grain into the bins?—A. Yes. They are told from the man downstairs what bin to put it into. The man upstairs does not know until he is told by the man downstairs that the bin is empty.

Q. Is he told downstairs also the grade of the wheat?—A. That is sent up to him on the shunt-slip.

Q. On the shunt-slip appears the grade?—A. Yes.

Q. One man does that for the elevator on the distributing floor?—A. What we call the distributor makes out the shunt-slip and sends it upstairs to the weighman, and the man up there sets the spouts in accordance with the instructions on that shunt-slip.

Q. There is no possibility after he has set the spout in accordance with the shunt-slip for that grain to go anywhere else, is there?—A. No Sir.

Q. The same as we used to do years ago, could not a bin supervisor say positively that No. 2 Northern did go into the No. 2 Northern bin, because the spout was set by the man in accordance with the shunt-slip from below.—A. Yes. But that bin might be emptied five or six times during the course of a day and have different grades of grain at different times. The man downstairs would control that.

[Mr. Fred Symes.]

Q. Who makes out the shunt-slips?—A. That is where the confusion came in with the checking, to be able to keep tab of the number of times that that bin was emptied. You have to check up the whole house to see when those bins have been empty. A cleaning bin, for instance, might have Northern No. 1; and along comes No. 4 in the next car afterwards.

Q. But you would not admit, would you, that supervision was quite impossible?—A. I said impracticable, Sir.

Q. Do you not think that somebody is directing the emptying as well as the filling of the bin?—A. Yes, Sir.

Q. And with a bin short in the house it might be that the employees of the Elevator Company, two in number, one supervising the filling, and the other the emptying of the bins, the one controlling the grain going into the bins, and the other the grain which comes out either for cleaning or for discharge into a boat, if these two men have all the knowledge necessary to enable that to be done, surely there could be two men as supervisors beside them, seeing to it that they do not mix the grades.—A. That would appear easy to you gentlemen who have never operated an elevator. It is very hard for me to explain to you all the difficulties which enter into grain supervision.

Hon. Mr. DUNNING: I am not denying the difficulties, Mr. Symes.

*By Mr. Garland (Bow River):*

Q. With all the difficulties, you have not found it possible to prevent mixing in public houses?—A. Of course I would not like to say that they mix in public terminals.

Q. Would you say that they do not?—A. No, I would not.

Q. I am not trying to get you into a corner on the matter of public terminals, but I wish to relate your your answers as to the practical difficulty to the regular private terminals. In your opinion, knowing all the difficulties in the way, even if the law prohibited mixing, if we now pass a law to prohibit mixing, would it be possible to prevent it in the public elevators?—A. We can still go on as we did before with private houses.

*By Hon. Mr. Dunning:*

Q. That is to supervise the binning.—A. Yes. We found it was of very little advantage.

*By Mr. Garland (Bow River):*

Q. Therefore why not be frank and admit that you have found it impossible in the past to properly supervise binning of grades, and that therefore you would find it still impracticable to supervise binning, and that, therefore, if there was a law passed it would be practically impossible to supervise the grades.—A. I would admit that.

*By Mr. Donnelly:*

Q. If there were six grades of wheat admitted, you would find it possible to keep the six straight grades apart, you would have no trouble in segregating them and keeping them separate?—A. That is going into one house, One, Two, Three, Four, Five, Six? We would experience no difficulty then.

*By Hon. Mr. Dunning:*

Q. With the straight grades?—A. Yes.

[Mr. Fred Symes.]

*By Mr. Donnelly:*

Q. And if some of them were rejected for wild oats, or for seeds, and if they were cleaned you would have no objection to them being entered in straight grades?—A. No. In a public terminal, if they cleaned it, I would not have a man reject it afterwards.

*By Hon. Mr. Stewart:*

Q. The point I want to get clear is this; you say that under present conditions, taking in all the grades up to the three hundred, as you put it, it is practically impossible to control absolutely the binning of the grades. If, on the other hand, that was prohibited and the off grades were hospitalized it would be possible to prevent mixing of the straight grades going into the terminal.—A. I think we possibly could do it.

*By Mr. Coote:*

Q. A question naturally arises there, if you could not prevent mixing of grades when they are all going in there, just what is the difference when you have only got the straight grades going in.—A. The elevator would have more space for binning their grades, and we would not have so much to look after, and there would not be the danger. They would not want to do it. They would have lots of space.

Q. I cannot see that they would have much more space, the same quantity of grain would have to be handled in the elevator.—A. There would not be the same quantity. They would be working only part of the time.

Q. I mean we are going to have the same number of elevators and the same volume of grain to be handled; would that not be true?—A. Yes, but the off grades would exceed, in some years far exceed the straight grades, therefore an elevator that was taking in the straight grades would only be working part of the time.

Q. Would we be able to get the rest of the grades, the off grades, in the remaining elevators?—A. You certainly would not, if we had a crop like we had in 1927.

Q. Suppose the system was just what has been discussed, not allowing the private terminals to take in the straight grades but just the off grades and allowing the public elevators to take in anything; in such a case the public terminals would not be debarred from taking in the off grades, they would be compelled to bin the off grades with like grades?—A. Yes.

Q. In which case, it has been suggested, the private terminals would take the off grades which were less in volume, and the tendency would be for the off grades in large volume to go into the private elevators?—A. Yes.

Q. In such a case, would there not be few enough grades in any one year in a public terminal to permit the supervision of binning and to ensure that it was binned with like grain?—A. You would have to reduce the grades, as they have been coming along in late years.

Q. Do you say that in an ordinary year there are too many grades?—A. Sure, there are too many grades of grain.

Q. Even if you allowed the private terminals to take the off grades?—A. There is no doubt about that.

*By Mr. Millar:*

Q. How are the standards made up, Mr. Symes, for the outgoing cargoes of the private elevators?—A. How are they made up?

Q. Yes.—A. The Standards Board make the standards for the commercial grades, but a private house has to ship to the general run of the bins at the public terminals.

[Mr. Fred Symes.]



Q. Is that followed out strictly?—A. Yes, sir, it is followed out strictly.

Q. You grade out of the private elevators on the average of the public elevators; is that true?—A. Well, possibly you are a little above the average coming out of the public terminals.

Q. Why a little above?—A. So that we can keep the integrity of our grain up.

Q. The Grain Act does not call for above, it calls for the average?—A. No, it says the general run.

Q. Do you stick to the average, or do you vary it slightly according to your own judgment?—A. We vary it, but very little.

Q. You do vary it a little?—A. Of course we are not infallible. Our past experience has shown, by the great number of cargoes we have had, and the number that have gone to appeal, that we have not gone down very much.

Q. I am not criticising you at all; what I want to get at is, do you follow strictly the Act in regard to that standard, or do you waive the Act and put the standard a little higher?—A. I waive quite a little I know what you are getting at. You are speaking of the composite sample?

Q. Yes.—A. I thought that was what you were alluding to.

*By Hon. Mr. Motherwell:*

Q. There is no harm in that?—A. There is no harm in it at all. If you had some twenty-five or thirty men scattered around over the various elevators, you would naturally want those men to be absolutely sure of their work, would you not? A man who is looking at the grain which you would suppose he would be looking at, at the private terminals, when they are trying to get it down as low as they can, his eyesight is liable to get a little off, if he has not something better to look at. Therefore I suppose I have violated the rules and regulations by sending out as a guide sample, not a sample to grade by, but a guide sample, to keep those inspectors up, not to let them get down. That is what that composite sample is composed of, sixty per cent of the average of all cars coming from Winnipeg and being unloaded at Fort William, thirty-five per cent of outward cargoes which have been shipped out clean and up to grade, and five per cent of the standards.

*By Mr. Millar:*

Q. Are you speaking of the public terminals?—A. Yes.

*By Hon. Mr. Stewart:*

Q. These samples you supply your men with are taken from the incoming grain?—A. Yes.

Q. They are how much?—A. Sixty per cent of the average of all cars coming through and unloading at Fort William.

Q. So that the sample from which the outgoing is judged is taken before it comes into the terminal?—A. Before it comes into the terminal. Ninety-five per cent of the cargoes that have been shipped both from public and private, have all passed the grade and are up to grade.

Q. The remaining five per cent would be standard?—A. Yes.

*By Mr. Donnelly:*

Q. How long have you been doing that?—A. Five or six years, possibly longer; I have not the exact date.

*By Hon. Mr. Malcolm:*

Q. I want to make this point quite clear: evidence has been submitted to the Committee; that it is advisable to have the outgoing standard set high enough to ensure a good quality in the world's markets, and a recommendation

[Mr. Fred Symes.]

was made that it should be seventy-five per cent of the average and twenty-five per cent of the minimum. That recommendation has been made to the Committee, to incorporate it into legislation. You made the statement that as a guide for use of the inspectors you set a composite sample which is slightly higher than it need be, and to that extent you violated the Act slightly, by giving them as a guide a slightly higher sample, so that they could not err the other way, and have the outgoing grain below standard. You have said also that your action was based on a very worthy object, not to allow our grain to be degraded, making it sixty per cent of the average on incoming cargoes and thirty-five per cent of the average on all outgoing, is that correct?—A. Yes.

Q. I want to get this point clear; sixty per cent of the average of incoming cargoes?—A. Yes.

Q. And thirty-five per cent of the average of outgoing cargoes?—A. Yes.

Q. And five per cent of the minimum of the grade?—A. Yes, the minimum.

Q. I want to get this further point clear; do you consider that the composite sample you are setting to-day for your inspectors on which to grade outgoing cargoes is as high as the sample would be if it were based on seventy-five per cent of the incoming average and twenty-five per cent of the incoming minimum?—A. I think it would be, sir.

Q. Then you say that the sample you are setting to-day is as high as the standard which has been recommended to this Committee by previous witnesses?—A. I believe it would be. That is my opinion, because you are going to take twenty-five per cent of the minimum, and I only took five.

Q. The evidence submitted to this Committee that there should be an outgoing standard of seventy-five per cent of the average and twenty-five per cent of the minimum was to show that if this standard were adopted mixing would be practically eliminated and would not be made profitable. I think the Committee will agree with me that that evidence was submitted in that way. If that standard recommended to us would eliminate mixing, does this standard which you set, and which you say is just as high, eliminate mixing?—A. It certainly has, this year.

*By Mr. Fansher (Last Mountain):*

Q. If a cargo that has been unloaded into a boat does not come up to your composite standard, and if an appeal is made, on what standard is the cargo or the grain in that cargo judged by the appeal board?—A. I am not on the Appeal Board so I cannot tell you. We send our sample to Winnipeg, and we get advice from the chief inspector, whether the appeal has been sustained or turned down.

Q. You can answer this question, probably; does your composite standard which you have compiled for the guidance of your inspectors—is it higher than the actual standard which the owners or the people who are controlling the outgoing cargo have to comply with?—A. I do not just get that, that this sample would be higher?

Q. Higher than the actual standard with which that cargo has to comply, or might it be considerably lower than your composite sample and yet be made standard?—A. There is not that variation between them. That sample has been submitted on two occasions, once at the Royal Grain Commission and once at the recent commission before the experts, and it was considered that the composite sample in each case was a little superior to the average grain going out of the terminal elevators, so that if anybody has a kick all this time in regard to it, it has been the mixing houses. But I have not heard them complain, they would certainly kick when a cargo was turned down, but they did not make any.

Q. If they think the standard is too high, according to your composite sample, they have redress before your Appeal Board, because the standard

of the sample before the Appeal Board is lower than your composite sample?—A. I am not on the Appeal Board, but I do know we exercise the greatest care in every sample that leaves the head of the Lakes; it is inspected not by one, not by two, but by four inspectors. Three of us go over these samples from every cargo that goes out, three qualified inspectors.

Hon. Mr. MALCOLM: I think I see what Mr. Fansher means. May I ask a question?

Mr. FANSHER (*Last Mountain*): I just think there is a discrepancy somewhere.

Hon. Mr. MALCOLM: Mr. Fansher asks this question: your composite sample, in your opinion being slightly higher, so that the inspectors may not err on the low side, is not the sample by which the Appeal Board is expected to judge. Can we get at what has taken place in your experience? Have you during the past years rejected cargoes, and graded them lower on the mixing houses? Have you had any rejected?—A. Yes.

Q. You have had rejections?—A. Yes.

Q. How many have you had?—A. I think there were about twenty-five appeals.

Q. That you have made against the mixing houses?—A. Cargoes that have been questioned, or questioned by the mixing houses, or by an independent inspector.

Q. What has been the result of those appeals where you said the standard of the outgoing was not good enough and you graded the mixing house cargo down one grade?—A. I think perhaps one, or perhaps two, were lowered, and I think one or two raised.

Q. What proportion of your decisions have been sustained?—A. We have been sustained in every case.

Q. So that one or two of your decisions have been refused because the grain was up to standard, and one or two because they were made lower?—A. I think either one or two were lowered. There was one cargo that I turned down, that I would not issue a certificate for, and they sent the sample up to the Chief Inspector, and he lowered it himself. That was the only case.

Q. In other words, he sustained your grading?—A. Yes.

Q. How many cases have you had appealed, you say twenty or twenty-five. Have you lowered the out-going cargo standard? From the list you produce I see there are over thirty of them?—A. Yes, but some of those I understand were not appealed. I was ordered to release them at the grade I gave them.

Q. These are the ones you lowered on the out-going grade because they were not up to standard?—A. Some were lowered, some raised. I have not raised any, myself.

Q. What I want to ask you is this: when a line elevator company through its mixing houses ships out a grade, you say that the grade out-going is not the grade they want to put on it, you lower it another grade?—A. Yes.

Q. How much loss would there be on that out-going grain?—A. The loss would be spread between three and four, four and five, or five and six, whatever it might be.

Q. It would be a very substantial amount?—A. Yes.

Q. Running into a good many thousands of dollars?—A. Yes.

Q. You say that in almost all the instances except one or two your standard has been maintained?—A. Yes.

Q. Your grading, I mean to say, has been sustained?—A. Yes.

Q. So that you contend that, having been severe in setting a firm outgoing standard, you have maintained the standard of Canadian wheat on the world's markets?—A. That has been my aim ever since I have been at the head of the Lakes.



Q. The point I want to get at is this—I think Mr. Fansher is trying to get at this too; the Appeal Board must have a sample fairly close to your composite sample; there cannot be a great spread?—A. I have sent different times, the average out of the cargoes of the public terminals, to my chief, which I suppose would be handed to the Appeal Board, so that they might have those.

Q. What I want to prove is this, that if your contention in lowering the outgoing grades in the mixing houses has been sustained in most cases, there cannot have been a very great spread between your composite sample and the sample that the Appeal Board works to?—A. Not a great deal of difference.

Q. Therefore this would be shown, that it is wise for you to set your outgoing sample for the guidance of your inspectors slightly higher than the standard?—A. Absolutely.

Q. Because if you set it exactly to the standard, they would be apt to go down a little?—A. A little below.

*By Mr. Coote:*

Q. Mr. Symes, you and your inspectors grade the outgoing cargoes on these composite samples; must they be up to the composite sample?—A. We have the composite sample with us, and we have the standard and the average out of the terminal; we have the three before us, and we would take them if they were a little lower than the composite but above the average. I would have to pass them.

Q. We can accept it as a definite answer then that you do not insist upon these outgoing cargoes being up to the composite sample?

Hon. Mr. MALCOLM: He has said it is as a guide.

WITNESS: Really I have no right to do that.

Mr. COOTE: I thought perhaps the impression might be got from the discussion that you were using that and insisting upon the private terminal out-turn being up to that standard.—A. The three of us get together, we get the three samples and make our comparison, and after we are through with them I do not appear at the Appeal Board, nor have anything to say about the decision, because I do not think there is any chance after we turn it down that they are going to raise it up.

Q. According to the Canada Grain Act, could the Appeal Board justly refuse to grade that wheat say to No. 3, if it were up to the No. 3 standard, which is set by the Chief Inspector?—A. I do not see how they could. According to the Canada Grain Act, I take it that the Appeal Board has no right to know what the grade is. It is a sample of wheat put before them, and they have no right to know whether it is from a public or a private house. I do not see why you should give them that information, if you want a fair and impartial decision. That is my opinion.

Q. If, in the opinion of the Appeal Board, this wheat is equal, we will say, to Standard Three, to the official No. 3 sample, the Appeal Board would certainly under the terms of the Canada Grain Act, be bound to give that wheat a No. 3 grade?—A. The Canada Grain Act is confusing. In one place it says one thing, and in another place another.

*By Mr. Garland (Bow River):*

Q. You said in answer to a question by the Honourable Mr. Malcolm that in your opinion mixing this year has been almost or entirely prevented?—A. Not entirely prevented. They had very little chance to do any mixing in our One and Two Northern.

Q. You emphasized this year. You have had this composite sample in existence five or six years?—A. Yes.

[Mr. Fred Symes.]

Q. Why did you emphasize this year?—A. The crop this year is so hard that it will not permit mixing; it is composed of so many different varieites of damaged grain that it is not possible to carry it along as in other years.

Q. Therefore the composite sample itself as a guide to your inspectors would not necessarily in succeeding years make very much difference to mixing?—A. No, possibly not. It would not have the same effect, but this year it certainly has had. I can tell you generally that there was to my knowledge one elevator which took in fifty thousand bushels of No. 2 Northern; they shipped it out on the line, and I made it No. 3, and was sustained by the Appeal Board.

*By Mr. Lucas:*

Q. I understood you to say that the composite sample was made up of sixty per cent of the incoming grade and thirty-five per cent of the average of the cargoes going out?—A. Yes.

Q. Does that sixty per cent include all grain coming through primary inspection points or is it taken from grain after skimming has been done?—A. All grain coming to Fort William for delivery to private or public houses, to mills or anywhere else, whatever grain was taken in and unloaded under our supervision would have a sample taken.

Q. So that any high class grain diverted to mills would not be included in that sixty per cent.—A. Only what was diverted at Kenora.

*By Hon. Mr. Dunning:*

Q. The principal diversion would take place or at east of Fort William, the only diversion of selected grains between Winnipeg and Fort William would be at Kenora?—A. The Ogilvie Flour Mills and the Western Canada Flour Mills at Winnipeg would take it, I suppose. But that does not include it all. What about the stuff the Americans have been selecting? We have samples of all that.

Q. Is that included?—A. That is included.

*By Mr. Millar:*

Q. Where was it special binned?—A. We did not treat it as special binned at all. I may say that some time ago I got the Grain Commissioners to cut out "Special Binning" at public terminals. It is all done in private terminals. We do not treat it is a special binned. Whatever they put it in as, they get the grade accordingly.

*By Mr. Coote:*

Q. Do you find some cargoes of certain grades going out that are really above the standard, and which might lead you to believe that it was "special binned"?—A. There having to be protein content, I suppose it might have been called either Two or Three Northern, or No. 1 Northern, by name.

*By Hon. Mr. Motherwell:*

Q. I understand you to say there were four public terminals remaining?—A. Yes.

Q. Since mixing was authorized by law four years ago, did the number rapidly decrease, the number of public terminals?—A. They have been decreasing almost ever since that.

Q. Until there are four left?—A. Yes.

Q. Would you mind telling us what they are; the Government terminal is one of them, I presume?—A. Yes, sir.

Q. Where are the other two or three?—A. There is the Grand Trunk Pacific, Pool No. 4 and Pool No. 6.

Q. Has there grown up also a tendency, since mixing was authorized, to segregate the minimum of the grade in the public terminals, to send to the public terminals that are left the minimum of the grade; they have no mixing privileges?—A. No. The Pool would select their own grain for their own private houses right next door to them.

Q. The cars that had no special virtue for mixing purposes would be sent to the public terminals?—A. Yes.

Q. That is the tendency?—A. That is the tendency.

Q. Is that the reason why the average got lower?—A. Yes.

Q. If you wanted to keep up the standard of our grain in the Old Country, you can not follow too closely the grain going in to the public terminals? Is that it?—A. Yes.

Q. That is a very good object but would it not have been better to have the Act behind you?—A. Perhaps it would; we work to the Act.

Q. Here is what the Act says—because whatever objection was taken by anybody the samples had at least the good effect of improving our standards in the markets of the world. This is Section 140, subsection 1, clause B:

All grain inspected out of a private elevator shall be required in order to receive a grade to be equal in quality to a similar grade passing inspection from the general bins of a public terminal elevator.

We endeavoured, some of us, to get a Government bill through three or four years ago which would have supported you in this, and I have to commend you for departing from the law; if it was ill to do it, you were doing it for the purpose of promoting good?—A. You do not commend me before the Board of Grain Commissioners.

Q. In any event, you had a good object in view. But would it not have been safer, and have left us in a very much stronger position, to have asked for a change in the law to support you here?—A. Anything that the Government is behind us on, supports our position. But in the Commissioners' office that day you jumped on me pretty heavily about that.

Q. But for another purpose. The private terminals do not have to give up some of their overages, the same, as the public terminals have to?—A. I do not think the private terminals have any overages.

Q. At any rate, they do not have to make any returns of overages to the Government?—A. No, sir. But that is not under my jurisdiction.

Q. I heard that that was so, and I understand it is so by the law; therefore the public terminals had the incentive to become private terminals, from the fact that they would not have to give up any of their overages, as the public terminals have to do?—A. I will tell you this about the private terminals, that since they have been instituted our grain has gone forward far cleaner than it ever did before; they have got to clean, and clean very heavily; therefore they lose a lot, and their chances for overages would not be the same as in days gone by.

Q. Then you think that it is the mixing houses which are to be relied upon for turning out a good product, rather than the public terminals?—A. I say the mixing houses turn the grain out clean; they have to, to be able to do any mixing.

Q. That is due partly to the fact that you pulled up the standard a little above the public terminals?—A. Yes.

Q. I was interested in your evidence with regard to supervision. In your earlier experience in your work, thirty years ago under David Horne I think you had the supervision of the binning?—A. That took place in Mr. Horne's time.

Q. There was very much less wheat at that time?—A. Very much less.

Q. But there is enough money left over from these fees, do you not think, so that if there were enough inspectors, as in former days, we could get that.

[Mr. Fred Symes.]



supervision? The money is paid by the farmer on his cargo, weighing fees, and such like.—A. I have been told every time I had anything to say about it that we have to cut down expenses.

Q. The Government is always preaching that, you know, although they get no credit for it?—A. I have had orders to lay off every man with the exception of my inspectors. That does not look as if there were much surplus.

Q. Did you make this slight increase in the standard on your own responsibility?—A. I made up samples and submitted them to my chief before I put them in any elevator.

Q. Who was your Chief?—A. Mr. Serls. I do not take anything upon myself, unless I have the support of my chief officer.

Q. There should not be much conflict between that standard and the standard which Mr. Serls has to give to the Appeal Board?—A. Not much conflict.

Mr. GARLAND (*Bow River*): I think the words of the Minister would be stronger if they were in accordance with the facts. We have no objection whatever to commending Mr. Symes, especially in his violation of the Act.

The Minister of Agriculture referred to Clause B of Sub-Section 1 of Section 140, as follows:

(b) All grain inspected out of a private elevator shall be required in order to receive a grade to be equal in quality to a similar grade passing inspection from the general bins of a public terminal elevator.

But, according to Mr. Symes, there is no possibility of establishing a standard of that character for the last ten years, as there is no supervision of the binning. Nobody can tell whether it is No. 2 Wheat which is in a No. 2 bin, or how many mixtures have taken place. Nobody knows, so that there can be no grading on that basis. So that if Mr. Motherwell wants to congratulate Mr. Symes on having broken the Act and being a little indifferent, alright. Perhaps a report to Parliament would have been better.

Hon. Mr. MOTHERWELL: I drew attention to the fact that Mr. Symes might have been in a better position in what he did if he had the law behind him. I took the kindest attitude I could. And beside that, many of the members of this Parliament were behind the idea when the Act was up; and I drew attention to the necessity of meeting the question and permitting Mr. Symes to do what he is doing by making it legal. I do not want you to take me too literally in enunciating this doctrine, because it is always a dangerous thing to do evil in order that good may come. It is a dangerous doctrine. We do not know when Mr. Symes may want to go in a different way. We want the law behind him.

*By Hon. Mr. Dunning:*

Q. You have under you two inspectors on each boat loading, taking samples and grading the grain when the cargo is complete.—A. There will be always one on the boat, and a supervising inspector at the elevator.

Q. Now these men are taking samples, and there comes a time when these men must determine what grade is going to be placed on that cargo. That time comes when the cargo is completed?—A. Yes when the cargo is completed.

Q. And I gather that you supply those men with what is called the composite sample in order that their eye may be kept up from the minimum?—A. Yes sir.

Q. You are not saying to the owners of the cargo that the composite sample is to be the grade of that cargo.—A. No sir.

Q. But you are saying to the inspectors, keep your eye on something better than the minimum?—A. Yes.

[Mr. Fred Symes.]

Q. Now, the grade is placed on that cargo in the boat by whom?—A. By the inspector in charge.

Q. Not necessarily in accordance with the composite sample?—A. No sir, it must be up to the standard.

Q. The men who have been watching that grain all the time have had before them the composite sample, so that the grade may be kept up above the minimum.—A. Yes.

Q. Then does the grading take place with regard to the composite sample, or with the sample which has been taken?—A. We have been keeping it according to the run from the elevator.

Q. Now, supposing there is a dispute, and the elevator people say, You have treated us unfairly. Then I gather that is an appeal to you, first?—A. Yes.

Q. And you have before you the composite sample, which has been used by the men to keep them up?—A. Yes.

Q. And you have also the standard sample?—A. Yes.

Q. And you have also the sample of the cargo?—A. And also the average coming out of the terminal.

Q. You have the four samples there?—A. The four samples.

Q. On the initial appeal which comes to you, because it is in the nature of an appeal from one of the inspectors to the Chief Inspector, what basis do you take for your decision?—A. It must be above the standard absolutely.

Hon. Mr. DUNNING: Then I cannot for the life of me see what this man has done that is wrong. I think he has done a good job for the western producers.

*By Mr. Coote:*

Q. Mr. Chairman, I think the witness said in answer to Mr. Dunning, if I caught him correctly, that in the grading of the outturn from these terminals what they did was to insist that this outturn must be up to the general run of the bins. I presume that he must mean the grain going out of the bins of the public terminal, as provided here in Sec. 140, which was quoted by Mr. Motherwell:—

(b) All grain inspected out of a private elevator shall be required in order to receive a grade to be equal in quality to a similar grade passing inspection from the general bins of a public terminal elevator.

Mr. Symes has already told the Committee that they did not attempt to exercise supervision of binning in public terminals. Therefore, how could he know that the average coming out of these bins was the equal in quality to a similar grade passing inspection from the general bins of a public terminal elevator, when they were exercising no supervision of the binning in that public terminal elevator?—A. We have the average of the cars coming in, and that is good evidence that there is not much mixing.

Q. That was the term used, but you said the general run of the bins?—A. We take the average of all the cargoes going into the elevator. If you take a cargo out of a certain terminal from a certain district, it would be below. We would not take that as a guide, but we would have to mix that up with other averages which come out of different cargoes.

Q. But if you do not exercise any supervision of the grain in the different bins in a public terminal elevator, how would you know that the grain which came out of there was a No. 1 or a No. 2 or a No. 3?—A. What are we there for, if we do not know?

Q. I will put it in this way: when this grain act was revised by this Committee, I think in 1925, four years ago, the Committee certainly must have been under the impression that there was supervision of the binning of grain in public terminals or they never would have passed this sub-section if they were not under that impression.

[Mr. Fred Symes.]

Hon. Mr. DUNNING: They were under the impression that they were public terminals.

*By Mr. Coote:*

Q. Why did not some of these gentlemen, Mr. Symes, or the Chief Inspector, or somebody who was very familiar with this, point out to the Committee that there was no supervision of binning in public terminals, and therefore that (b) of subsection 1 of Section 140 was absurd? We were asking him to hold that the average of the out-turn in a private terminal should be up to the average of the out-turn from a public terminal. I do not think there was any standard to be lived up to. Why did not Mr. Symes at that time suggest to the Committee that this was not giving him any standard?—A. I have never appeared before your Committee before, in any shape or form, to answer any questions.

*By Mr. Garland (Bow River):*

Q. Are you under the Board of Grain Commissioners?—A. I am.

Q. Does the Board of Grain Commissioners know that that system had ceased to exist?—A. I presume so.

Q. Do they ever make a check-up between the annual checks?—A. I think they only go in once a year, and that would be shown them by the returns of the weigh-up and their warehouse receipts.

Q. Did you ever report to them that this subsection (b) was a dead letter?—A. Did I ever point that out to them?

Q. Yes?—A. I cannot recall that I ever did.

Q. But you think they were fully aware of it?—A. Oh, I think they were, yes. I do not know about this present board, some of them, but the other board did.

*By Mr. Donnelly:*

Q. Will you tell the Committee how full-cars are graded when they are unloaded at night? How they are binned, and what is done if they find they are in the wrong binn when the morning comes?—A. You are getting down to what I call a serious question, a very serious question. Seventy-five per cent of our work at the terminal point is done by artificial light. For instance, we cannot start in the fall of the year before nine o'clock in the morning, say, and we are through at four o'clock in the afternoon. The elevators are running all night or are running up to eleven or twelve o'clock at night. If we were to force the issue of holding a car in a special bin until daylight for that grade, then you would have your Western country tied up so tight that they would not know what would happen to them.

Mr. COOTE: I want to interject that it is tied up that way now, in certain places.

*By Hon. Mr. Motherwell:*

Q. It is tied up that way now?—A. When grain is sent to a mixing house it does not matter to us what it is; if it varies, in the morning, they have to make the change; therefore we are a party to the mixing, to a certain extent. But if we were to force that issue you can readily understand what it would mean. I have a few figures here which might interest the gentlemen of the Committee. This shows inspection held cars passing Winnipeg, from September 1st to December 31st:—

[Mr. Fred Symes.]



# ANALYSIS OF CHANGES IN GRADES MADE AT FORT WILLIAM SEPT. 1 TO DEC. 31, 1928

Inspection Held		Outturns Held	
Number of Cars.. . . . .	49,226	A/c grade etc. by Ft. William	
Number changed.. . . . .	3,189	and changed.. . . . .	977
Reinspects		Appeal	
Number of Cars.. . . . .	31,317	Number of Cars.. . . . .	7,710
Number changed.. . . . .	3,272	Changed by Winnipeg.. . . .	1,829
Number of Western cars unloaded during this period.. . . .			
Arrived without grades and were inspected at Fort William. 13,587			
Total number of cars with reinspection, revision, or			
change of any nature.. . . . .			
47.24 per cent of total unloads.			
Cars changed for Moisture Test only not included.			
Cars changed for C.C. only not included.			

I might say, gentlemen, that that does not include the facts for the C.C. cars.

*By Mr. Donnelly:*

Q. You said that you did not know that the present members of the Board knew that you were discontinuing the inspection of the binning at the public terminals. What about the old Board?—A. It must have been twelve years ago.

Q. Have you not been inspecting the binnings in public terminals for twelve years?—A. No, sir, not supervising the binning.

Q. I understood you to say it was seven or eight years ago, but it was twelve or more years ago?—A. If I said that, I was not realizing at the time how long ago it was; but when you asked me that question, I found out. The old Board are all defunct now anyway.

Q. It will be twelve years or more since you stopped the supervision of the binning?—A. Yes.

*By Mr. Malcolm:*

Q. How long before Mr. Boyd was appointed did this thing cease?—A. I am not prepared to give you that. It did not last long; we found it was impracticable. The man we had appointed to do it—

*By Mr. Millar:*

Q. I wanted to know how those full cars unloaded at night are dealt with. Are they binned and kept waiting?—A. They have the provisional grades given in Winnipeg on those full cars; and they were binned on the provisional grade. In a public terminal, if there was any change, then we were a party to the mixing; but in private houses it is not so.

*By Mr. Garland (Bow River):*

Q. How many holds in a boat are usually filled at the same time? How many spouts are running into a boat?—A. It varies; sometimes one, and sometimes four or five.

Q. I have seen as many as three?—A. Yes, at the start a boat might have three and others might have four.

Q. In order to clear up a possible misconception on the part of the Committee, I would like to ask you again; you said, in answer to a question, that you had one inspector on the boat and one in the elevator. Did you mean one

[Mr. Fred Symes.]

inspector on each spout?—A. No, I told you one inspector for two spouts. If there are more spouts running, we have a sampler on. If there were three spouts running, we would have an inspector and a sampler.

Q. And if four spouts were running?—A. Then the sampler would take two streams, the same as the inspector. The sampler would take his samples to the inspector who would look at them.

Q. The inspector then, does not take any samples himself at all, but he studies the samples?—A. That is the inspector in charge; just as I do not take any samples myself; but I have to give a decision upon them.

Q. How many samples are taken of a stream in the vessel?—A. One or two. They have to keep continually taking the samples between the two of them.

*By Mr. Millar:*

Q. You spoke some time ago about grain being specially binned—going to the States, is that carried on to any great extent? Could you give us any idea of how much is specially handled in that way, in going to the States?—A. No, I have not the figures, of course the proportion would not be very great.

*By Mr. Coote:*

Q. I think the Committee got the impression, from an answer you gave earlier at this meeting, that if mixing were not allowed, and if off-grades were not allowed to go into public terminals, it might make it difficult to handle all the crop in certain years. I want to ask your opinion on this point; if all the elevators at the head of the Lakes were placed under one management—and I think this was really suggested by some farmers' organization somewhere about sixteen or eighteen years ago—if that were done, so that the whole elevator space would be at the disposal of one management, and possibly two or three grades only put in one elevator, would that not facilitate the handling of the grain at the head of the Lakes?—A. You had better talk to the Railway Companies on that, Mr. Coote.

Q. Would you give your opinion on that?—A. I would say I would not want to be the one man. I do not think it would be practicable, because if an elevator was behind in the number of cars and could not keep up, the Railway Company would come along and say, "all right, we are going to put down one hundred cars at another elevator."

Q. If one man had charge of all the elevators, he would know every day the exact space available in each one, the number of bushels of space available in bins kept for certain grades. And could they not facilitate the work of the Railways by telling them that there are so many thousands bushels of space in this and in the other elevator, for certain grades?—A. That position would naturally carry with it a very large salary, Mr. Coote.

Q. I am not concerned with the salary, but excluding all questions of salary and everything else, let us get down to the real question: would it facilitate the unloading of these cars and the placing of the wheat where it would be most advantageous to get it out?—A. Again, I might say I would not like to be that one man; but I would like to see you there to carry it out. I do not think it is practical.

*By Mr. Garland (Bow River):*

Q. You do not think it is practicable from a Railway point of view?—A. Or from any point of view. I do not think any one man could control the amount of space at the head of the lakes.

MR. GARLAND: Mr. Chairman, as the point has been raised that this is largely a transportation difficulty, I would like to ask whether the Minister of Railways would state whether there is a real difficulty from the Railway point of view.

[Mr. Fred Symes.]

Hon. Mr. DUNNING: The subject was one under discussion many years ago in farmer's organizations, and I believe that the practical transportation difficulties then urged would obtain to-day. That is, assuming that the practical advantage to be gained would be from one terminal elevator accommodating three or four grades, while another terminal elevator also would have three or four grades. If that could be done, there are obvious advantages from the point of view of inspection; but from a point of view of transportation, here is what happens: a train of grain comes into the terminal point, and it may contain as many grades as there are cars in the train. That is inspected in the yards, and the shunting engine hooks on and takes it down to the hump yard at Fort William. Now, the distribution from that hump yard is not on the grade basis but on the destination basis; and the car is shipped to a certain terminal elevator, and must be distributed from the hump to this terminal. If you tried to separate them by grades at that point, I really do not see how in the world it could be done. In the first place you would have to abolish completely the right of anybody to designate his terminal; and in the second place destination would have to be abolished, and the distribution made from the hump on the basis of grades.

Mr. COOTE: Would that be difficult?

Hon. Mr. DUNNING: If you let the grain get away from its destination, it might be practicable; but I do not think it would be possible to do both.

Mr. FANSHER: Mr. Chairman, if the entire terminal space was under one management, would it make any difference to the producer of grain to which terminal he sent his grain?

Hon. Mr. DUNNING: Possibly not. But speaking now as a producer, I do not want to be compelled to ship my grain to any particular terminal or to put it at the disposal of any one man to say to what terminal it should go. In theoretical discussion you can always assume that a beneficent autocrat is going to treat you right. But in real working of it out, you cannot be sure that the autocrat is going to treat you right. You have not the power of assassination.

*By Mr. Millar:*

Q. In order to get information, I am going to put a hypothetical case to you. In case a cargo went out of either a private or a public terminal and it were found that a fair sample of that differed from the sample in your office, on whom would be the responsibility,—on one or more?—A. One or more, depending upon how many were drawing those samples.

Q. Would you elaborate that a little. I want to know whether you have more than the word of one man that the sample retained in your office is a fair sample of the cargo which goes out?—A. We would have to have two or possibly three men drawing the sample. That would all depend on the number of spouts running. If one man was working on the boat entirely, that man is responsible.

Q. Then you have the word of only one man that that is a fair sample.—A. Yes.

*By Hon. Mr. Stewart:*

Q. This is quite apart from the elevator inspection, and apart from the maximum grades to the mills; but the thing that I am interested in as a farmer is this: It is frequently said, back on the prairies, and indeed it is asserted that all cargoes leaving Fort William go out on the minimum grade, and that to that extent the farmer is penalized, because that affects the price of the grade generally when it arrives at Liverpool. This skimming or as we might say lack of supervision is all dependent on whether we as farmers, suffer or not on the grade that you place upon the outgoing cargoes, because we know that is the

[Mr. Fred Symes.]



standard and the grade of grain upon which the price of the grade is fixed ultimately, and that we get our price less expenses. Now will you say that in your inspection, because you occupy an important position, as far as I am concerned, on the great majority or say in fact in all inspections of cargoes leaving the terminals, the inspection is never quite the minimum, but is always slightly above it.—A. It is always above the minimum.

Q. How large a percentage above the minimum grade?—A. That is a pretty hard question to answer.

Q. How much above the minimum would it be?—A. Well, five or ten per cent above the minimum.

Hon. Mr. DUNNING: Ask him how far below the average.

Hon. Mr. STEWART: He says five to ten per cent above the minimum.

*By Mr. Coote:*

Q. You stated a while ago that sometimes you require to lay off some of your staff. I wondered from whom such orders would come, whether from the Board or the Chief Inspector?—A. When I spoke of it the order came from the Minister himself.

*By Hon. Mr. Dunning:*

Q. Before you leave the question which Mr. Stewart put to you, you say that in your opinion the outgoing cargoes would be ten per cent above the minimum?—A. Five or ten per cent. It is hard for me to say that here.

Q. And when you say that you are taking the whole grades as 100 per cent, and the average of the grade would be 50 per cent? I want to know what you mean by the five or ten per cent.—A. As I said, that is a difficult question for me to answer; but I would say five or ten per cent above the minimum.

Q. Ten per cent of what?—A. Of the imperfections that would be allowed in that grade.

*By Mr. Lucas:*

Q. Mr. Symes, would you tell the Committee what percentage it would be below the average of the in-take,—of the grades coming in from the country?

*By Mr. Garland (Bow River):*

Q. Take a specific grade, say No. 2 coming in. Now, how much below that average is the out-going No. 2?—A. Very little.

Q. Well, how much?—A. I am not prepared to say off-hand.

Q. It is very little below the average?—A. Very little.

Q. How do you know? You have just told us that the only check you have on the out-going cargoes is one sampler or one inspector, or a sampler for each of the spouts, and he delivers the sample to the inspector, and the inspector delivers it to you. Now we suggest no improper action on the part of any of these men, but when you get a chap who is getting \$150 per month, and the man for whom he is inspecting the cargo stands to lose twenty or thirty thousand dollars on that cargo, it is evident that there might be a temptation there that some men might not be able to withstand. What other check have you?—A. We have to depend on our samplers and the loyalty of our men.

Q. You do not get any samples back from England?—A. At the present time we have a large number of men outside, who are checking at Fort William. The people working for the boat do checking; and there are independent checkers who are sampling against us.

[Mr. Fred Symes.]

*By Hon. Mr. Malcolm:*

Q. I do not think you are telling the Committee fully how many samplings go on. Your men are working for the Government, to take a true sample. And the buyers and sellers also have samplers on the boat.—In almost every case.

Q. And if your inspector was to check too severely the representative of the seller would object; and if he did not inspect closely enough the representative of the buyer would object.—A. And if there was any objection taken, the cargo would be rechecked at the point of unloading.

Q. I think that should be made perfectly clear that there is no temptation to be dishonest in the checking, as both buyers and sellers are there also checking, and there is no reason for your man taking a wrong sample.—A. If a man keeps on sampling he cannot take a wrong sample.

*By Mr. Millar:*

Q. Do you mean to say that the buyers in England have samplers at Winnipeg?—A. In almost every instance the Pool has a sampler there, and there is another sampler there representing the receivers.

Q. The buyers from the Old Country?—A. Not necessarily the Old Country, Sir.

Q. Most of this grain is going across the Seas, and do you mean to tell us that the Old Country importers have been at Fort William inspecting all cargoes or anywhere nearly all the cargoes?—A. A large number. For instance, the Scottish Co-operative people are there. This man inspects for different people.

*By Hon. Mr. Stewart:*

Q. But in nearly every case there is a representative of the purchaser of the cargo on the ground?—A. In a large number of cases, yes.

*By Mr. Millar:*

Q. In what percentage of cases would you say they were inspected for the buyers?—A. I am not prepared to say what percentage.

Q. Would you say fifty per cent?

The CHAIRMAN: It is not fair to press the witness too closely.

The WITNESS: I would say over fifty per cent from my past experience and from the number of men who are around. But I am not going to give you any definite percentage.

The CHAIRMAN: Does the Committee think they can get through with Mr. Symes in a few minutes, or shall we meet again?

Mr. GARLAND (Bow River): I have only a few questions, myself, to ask of Mr. Symes.

*By Mr. Coote:*

Q. Has Mr. Symes in recent years had any difficulty in keeping a sufficient staff? I mean, is somebody too economical and trying to deny him the staff he should have in administering this Act?—A. We always have a sufficient staff for the busy season; but as you are aware, when a man is coming on and knows he is only on for a few months, he has not the same interest in his work as a man who is on permanently. Those two men do not go at that work in the same way. Our senior, permanent samplers and inspectors are always on the vessels.

Q. Is your work hampered for financial reasons?—A. No, I would not say that.

[Mr. Fred Symes.]

*By Mr. Stewart:*

Q. You would suggest, as we are going into the Act, that a staff sufficient to do the work should be kept on for the year around?—A. The large percentage of them, yes. If you want good men, you must have them permanently with you.

*By Mr. Fansher:*

Q. Have you made any recommendations for the staff recently which have not been granted?—A. No, Sir.

*By Mr. Garland:*

Q. I had in mind for a moment asking the witness some questions about the Montreal Inspections, but I do not think he has anything to do with Montreal?—A. No, Sir, I have enough to do at Fort William.

Hon. Mr. STEWART: Mr. Chairman, as Mr. Symes is anxious to get back, and Mr. Fraser will probably be able to give the Committee all the other information, I think the Committee has sufficient information to let Mr. Symes go.

*By Mr. Fansher:*

Q. I would like to ask Mr. Symes how many bins are being emptied on to the belt at one time—that is what is the largest number of bins that he knows of which have been dumping on to a belt running from the bins to the boat? How many streams of wheat have been running along that belt; how many bins have you been collecting from?—A. Two is the limit. I do not think any of the belts will carry any more than two, except in very extreme cases.

Hon. Mr. DUNNING: That is not where they do the mixing.

*By Hon. Mr. Motherwell:*

Q. Did you hear Mr. Sproule's evidence, when he described very vividly the manner of running these belts? I did not count them but there must have been twelve to fifteen streams. I have seen at least five streams myself?—A. You are talking of the public terminals? Yes.

*By Mr. Garland (Bow River):*

Q. We are talking about private terminals if you watch your stream close enough, you can put up twenty, but if you were to give the belt the two spouts, that would be the limit.

*By Hon. Mr. Motherwell:*

Q. But they do not turn them on full.

*By an Hon. Member:*

Q. Do they not run a small stream from some, and larger from others; as Mr. Motherwell says, there are sometimes twenty streams running to the boat?—A. There might be. We are not in the elevator to see this bin running on to the belt, to see how many grades there are. We are outside, taking it as it is being loaded into the vessel. They might have fifty streams, if they wanted to.

*By Mr. Millar:*

Q. You have no right in the private houses?—A. We have no right there.

*By Mr. Fansher (Last Mountain):*

Q. It has been intimated on two different occasions that you have something to do with the streams that were being run off the mixing belt?

[Mr. Fred Symes.]



*By Hon. Mr. Malcolm:*

Q. I think the point is well taken. You are on the outside, to see that the grade in the mixing house is up to the standard. We want to maintain that. Your duty as an inspector is to see that the grain coming out of the mixing houses is up to the standard, and beyond that you have no jurisdiction?—A. No.

*By Hon. Mr. Motherwell:*

Q. When you said two spouts were sufficient, did you mean that two belts would carry it all if turned on full?—A. Yes.

Q. You might have four, and put them on one-quarter each?—A. Yes.

*By Mr. Gardiner:*

Q. You have supervision over the inspection in and out, at the head of the Lakes?—A. Yes.

Q. When this wheat is coming on, I suppose most of the cargoes are broken at transfer points, going out at the head of the Lakes—they are broken at the transfer points?—A. They go from the transfer point on to Buffalo.

Q. You have no jurisdiction over those transfers?—A. I have no jurisdiction over them. When the grain leaves the head of the Lakes, I am through.

The CHAIRMAN: I think we are through with Mr. Symes. He has the thanks of the Committee for the evidence he has given to the Committee to-day.

The Committee will meet again on Tuesday next, at eleven o'clock.

The Witness retired.

(The Committee adjourned until Tuesday, April 16th, 1929, at eleven a.m.)

HOUSE OF COMMONS,

TUESDAY, April 16, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11.00 a.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Gentlemen, we have this morning as a witness, Mr. John Gillespie, who is a member of the Standards Board.

Mr. MILLAR: Have you any report to present to the Committee from the sub-committee with regard to the witnesses we were calling from the United States?

The CHAIRMAN: Here is a wire from Besley, Washington, to whom Mr. Fraser wired asking for the name of an official who would be able to give evidence before this Committee on the grading of street grain and its protein content:

Your wire stop protein not a factor in official grain standards United States therefore I am not in position to recommend witness you request.

Mr. MILLAR: Well, Mr. Chairman, after our experience, after the Chairman or the Secretary has written to a party in Chicago asking for the names of witnesses that would suit our purpose and they refer the letter to Washington, I think I can understand why they are reluctant. The federal government has been pressed very hard this year, and last year, for two years at least, to pass legislation so that the federal inspection will include protein, and they have been hanging back and fighting it very strongly. It seems to me to be quite plain that we are not going to get any assistance at all from the federal government.

I might mention the name of William F. Schnaidt, Marketing Specialist, Extension Service, South Dakota State College, author of a plan for distributing protein premiums on wheat from the local marketing agent to the individual grower. I still think that that man would give us the evidence we want. He is a government agent, but he is a State government agent. I think perhaps it might be well for the smaller sub-committee to consider his name.

The CHAIRMAN: Will you leave that with me, Mr. Millar, or give it to me later, and the sub-committee will take it up?

The Sub-Committee have reported with reference to this letter from Dr. Birchard, asking that some data which he sent be incorporated in the Minutes of Proceedings. The sub-committee have recommended that it be printed as an appendix to Dr. Birchard's evidence.

JOHN GILLESPIE, called and sworn.

The CHAIRMAN: I might explain, Mr. Gillespie, that we have been hearing certain members of the Standards Board with the idea of getting from the members of the Board some suggestions which might be useful in improving the method of taking standards, and in amending the Act. If you would address the Committee on your work on the Standards Board from that angle we will be very glad indeed to hear you.

The WITNESS: I do not know just what line you would want me to take. If any of the members of the Committee desire to ask questions I will be glad to answer them. I do not know that I can just start off and give you a speech here about the work of the Standards Board. I could, of course, tell you how it operates. I suppose you have had testimony from your Inspectors here to that effect.

[Mr. John Gillespie.]

There is a good deal of criticism, I believe, of the Board having set the standard too high this year. Our idea was, and I think it was the idea of all the Board, after they went in to set the standards, that they were satisfied that the wheat this year was of very much better quality than last year's crop. And I know—talking for myself at any rate—that that was my sentiment; that I was willing to reduce the grades to the very minimum, taking into consideration, of course, that the 1927 crop was no comparison to go by, because it was one of the poorest milling crops, in fact, the poorest milling crop that Canada has ever raised. So taking into consideration that the 1928 crop was probably not any higher in protein content and milling value than the ten years' average, we were still willing to reduce the sample to the very minimum. I think that was the sentiment that prevailed.

*By Mr. Millar:*

Q. Using minimum in that connection, just what do you mean?—A. I mean the minimum of each grade, that is the lowest.

Q. The minimum of the previous year. You are speaking of the commercial grades?—A. Yes, we were just sitting on the commercial grades.

Q. Do you mean the minimum of last year?—A. The samples we make, as I understand it—I stand to be corrected—is sent out to all of the inspectors, and is used by the Inspection Department at Winnipeg as the minimum of that grade.

*By Mr. Ross (Moose Jaw):*

Q. You mean the standard of each grade, as low as you possibly could?—A. Yes.

*By Mr. Donnelly:*

Q. Do you think it was made lower than last year, Mr. Gillespie?—A. I thought we had reduced it from last year.

Q. The standard?—A. It was an entirely different class of grain this year from last year. Our difficulty was—and I think the inspectors will bear us out in this—to allot the proper amount of frost; it was mostly a question of frost this year, and damaged and immature kernels. But the frost was the outstanding factor, and it was our aim not to get in too much frost, and to do that and allow some for No. 5 and No. 6, was very difficult.

As I remember the standard two years ago, it was mostly withered damaged grain, bleached and sprouted, and things like that.

*By Mr. Coote:*

Q. I wonder, Mr. Gillespie, if you could tell the Committee just how the Standards Board make these grades; that is, what is the procedure at the meeting of the Standards Board?—A. Well, the Standards Board meets in session in a room such as this, or smaller, and they have a chairman. They go into several matters connected with the resolutions, and one thing and another, not particularly in connection with the grading of the grain, but with questions that come up, and a general conversation takes place regarding matters, probably not particularly connected with the standards of the grades we are going to set. As you know, there are some things that come up that are not quite related to the subject. And then we have discussions about the protein content of the wheat. We had this year. It is a very much better milling quality this year than last, which, after all, is not saying very much, because we all know that last year the crop, as I mentioned before, was the lowest on record as far as milling value is concerned.

We adjourn then to the Inspection Department where the samples are selected from, I think, fifty sacks of each grade, selected by the Inspection Department as being different types of that grade. Then we proceed to set the standard for No. 4, say; and the way that we have been doing it, probably a

[Mr. John Gillespie.]



committee of three, or a committee of four, take a pail, and there are probably four gangs working on this. Each gang has got a pail, and a cup the same size. We are supposed then to go to those fifty sacks, which are of different types of this one grade as selected by the inspectors, prepared there, as taken out of the cars as they pass through Winnipeg. And I may say that there are hardly two sacks that are absolutely alike, and still they all grade number four, according to the inspection of them. We are supposed to put one cupful into this pail—

*By Hon. Mr. Dunning:*

Q. Out of each of the fifty sacks?—A. No. We go along and we select what we think is about the nearest to No. 4. But we have to select from twenty sacks, and put in twenty samples, twenty of these little cups into this pail. We usually take about fifteen at first, and we take that sample and lay it out on a table, and paw it over and look at it, and say, "Well, that is a little too high."

We then look for another sample, taking another cup out of a poorer sack, or it may be a sack with a little more immature kernels in it, or green kernels or some other thing like that, and we look at it and say, "That is a little too poor." And so on, until we get what we think is right, and by that time we have the twenty cupsful taken out of twenty different sacks. We mark the number of each one of those sacks that we have selected from, and then the sample is laid down on the table. The other committee has been doing the same thing independently of this one, and they lay their sample down. Usually there are about four samples taken by about four different committees, I will call them. They submit their sample as their idea of No. 4. I think that is as far as it is necessary to explain that part of it.

*By Mr. Millar:*

Q. Just there, Mr. Gillespie: if there was a variety of wheat that was generally known to be a poor milling variety, would it be the consensus of opinion of the Board that it should not be grown at all, but that it was likely to go forward? Would it be the object of those who are making up the samples to include that or exclude it from the standard samples? If it were likely to go forward in the different carloads of wheat, although known to be a poor milling wheat, would you include it?—A. Well, I think it should be included, because that wheat goes forward and is mixed up with the other grain in the terminal elevators. It will always help to reduce the grade, or if it is a better quality it will help to raise the grade.

Q. And you think that it is included? You would include that?—A. Oh, I think so. I do not think that we would exclude anything. These samples are taken pretty much at random, from these fifty sacks, but the idea is to get a general average of these sacks.

Q. You would not think that was giving unnecessary encouragement to the growing of a poor milling wheat?—A. Well, there are different kinds of soil in this large territory where we are raising wheat, about twelve hundred miles distant, and some of that land is better adapted to raising soft wheat, than it is to raising hard wheat.

Q. I am not speaking of wheats that we agree should be grown. There are places where they ought to be grown, where they can grow a better variety, but there are some again for which there does not seem to be any place, that are really poor milling wheats. Would those be given a place?—A. Of course, we did not go into that phase of it. We did not take out any sack and say that is a sack that we will not put in this sample. And I presume that there was not a sack there but did not get into one of those four samples.

Q. They were all included?—A. Yes.

[Mr. John Gillespie.]

*By Mr. Coote:*

Q. Then, how do you decide between all those different samples, with the different committees?—A. Well, there is a chairman of the Board, and those samples are marked 1, 2, 3 and 4, and they take a vote. The chairman will say, "Does anyone nominate No. 1?" Usually one of the men who makes up this standard will say, "I nominate that we have a vote on No. 1." He may or may not get a seconder. I know of several times where there was no seconder, and that sample was passed up as evidently out of line. They then go to No. 2, and they go through the same procedure. They probably reject it. They then go to No. 3, and they are probably unanimous on that sample. Then they go to No. 4, and that sample is probably rejected. So that the Board is practically unanimous when they select the sample. But even then it is not final. There may have been some mistake made, in taking the wrong sack or not getting the right number down. But these twenty sacks that are on that slip represent that sample which has been selected and taken out under the direction of the Chief Inspector, by his officials, and taken into another room and dumped into a large pail and shoveled over and mixed up—completely mixed. Then the Board meet there again with this large sample, with the twenty sacks in it, and examine it and look it over very carefully. Just what happened with our standard No. 4 last year was this: I think it was Mr. McRae of Saskatchewan who moved that two sacks of the poorest or a lower grade, or a lower sample, be selected and mixed in with those twenty sacks to somewhat reduce it in quality. My opinion was that it was reduced about far enough, and I thought two sacks would probably be too much and would spoil the sample and reduce it too far. I moved an amendment that one sack only be selected and mixed in, and the amendment, I believe, carried. After all there was somewhat of a compromise made, not deviating very much on the sacks that we should include in there. The result was that we figured that that was as near the standard for No. 4 as we could make it. I might say that it took us over half a day to agree on that No. 4 sample. There was quite a lot of discussion during the time, in connection with these samples, and, as I say, it took us that length of time. It did not take us long to select the other two samples. We went through the same process, however.

Q. Do you set each standard by itself? Do you determine the standard for No. 4, and then make one for No. 5 and one for No. 6?—A. Yes.

Q. Then do you reconsider them at all, Mr. Gillespie, after you see how the three compare?—A. They are reconsidered only when the sacks are all dumped together and the complete mix made of those twenty sacks.

Q. Then I take it you make the standard of No. 4 without considering at all what the 5 and 6 are going to look like and how they will compare?—A. Well, we do to this extent: I thought one of these samples was so close to No. 5 that we had to keep that grade from going too low because we would get it into the No. 5 class.

Q. The point I had in mind was this: you endeavour to set the standard so that there will be a fairly uniform spread between 4 and 5, and 5 and 6?—A. Well, that is what we try to do, to keep an equal spread between the grades as nearly as we possibly can.

Q. Well, when you are setting the standards, have you any idea of the amount of wheat in the country of the different types that you are putting into that grade?—A. Well, I think that this year we were perfectly satisfied that there was a great deal of low grade grain.

Q. That is not what I had in mind, Mr. Gillespie. For instance, you will have a lot of rusted wheat in some years, and a lot of frozen wheat, that will go into those commercial grades. Have you any idea of the comparative amount of rusted wheat, or rather the amount of rusted wheat as compared with the amount of frosted wheat that is in the country?—A. Yes. We have

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a general idea that there is no rusted wheat to speak of, and most everybody knows that, and the samples that were there were evidently in those fifty sacks—

Mr. FRASER: There were about two hundred and fifty sacks altogether.

The WITNESS: Well, approximately fifty sacks, anyhow, and I suppose that every type of wheat in the country was in those fifty sacks, and I do not remember that there was any rusted wheat. The sacks alone give you the impression of what kind of grain is prevalent for the year.

*By Mr. Coote:*

Q. In some years, in Alberta, I have seen standards with very little wheat that appeared to be Alberta wheat in them, and it seemed to me that they were not of very much use to the inspectors at Calgary and Edmonton in the grading of that frosted wheat in Alberta. Could you suggest any way by which we could get a better standard for the grading of samples at Calgary and Edmonton?—A. Well, of course, that has always been the complaint, at least, at Edmonton. I do not know about Calgary. I am not so well acquainted there. We have always contended that it was a physical impossibility to set one minimum grade, say of No. 4, to represent all of western Canada, and particularly Alberta. No. 4 in Alberta is an entirely different type most of the time than the No. 4 in, say, Manitoba and eastern Saskatchewan. Our No. 4 may be a very heavy, plump grain, and usually is, but it may be badly frozen, so much so that it reduces it to the grade of No. 4. Manitoba wheat may be, and usually is, a lighter kind of grain, and a good many times rusted wheat, with probably very little or no frost showing in it whatever, and still it grades No. 4, the same grade as our frozen heavy plump, a type grown entirely in Alberta. Now, this sample of No. 4 in Manitoba is graded 4 for the reason that it has not got the weight probably that 4 should have according to the Grain Act. But our grain in Alberta is graded No. 4. It does not make any difference what the weight is. The weight might be sixty-two or sixty-four pounds. It is just because it is frozen. They are two entirely different types of grain.

*By Hon. Mr. Dunning:*

Q. While you are on that point, Mr. Gillespie, have you given consideration to the practicability of describing wheat in the lower grades by the damage which it suffers, that is, establishing grades of four, four on account of rust, and four on account of frost, or other damage? Is that too complex?—A. Well, that is usually notated on the inspection slip.

Q. I mean, in setting the standard samples in the first place?—A. Well, no. You see, we could not possibly do that, because we are trying to mingle all those samples of grain into one sample, and trying to make a minimum of that grade—

Q. Your own opinion would be then that the No. 4 on account of rust, and the No. 4 on account of frost, although of different weight, are about the same in intrinsic value.—A. Well, of course, I am not qualified to say from the appearance of wheat whether one is of a better milling value or not. I understand that this rusted wheat, while it has not the quantity of flour in it that there is in our heavy wheat, has more gluten content in it. But the Board, in setting those samples, ignores all of those things entirely.

Q. I was trying to find out if any improvement in the grading could be brought about by separating the types of grade according to the damage, that is all.—A. Well, I think the Inspection Department has the right to make an extra rusted grade. I think there was a number 5, Special, that they had put in one or two years there.

Q. How did special grades work out? That was the only occasion on which it was done, I believe you are right there.—A. Well, I cannot say. I

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would not want to make any report on that, because we have wheat in Alberta that was of different qualities.

*By Mr. Donnelly:*

Q. Mr. Gillespie, do you take into account in milling and baking wheat, as to the kind of bread it makes, and therefore find out the depth of the frost, when you set your standard?—A. No, no more than that, and I think most of us knew before we went to Winnipeg that our grain this year was of a much higher milling quality than it was last year—than the 1927 crop.

Q. I want to refer to something I referred to a while ago. You said I made the statement in this Committee, some time ago, that it was my impression, and the elevator men throughout the country have said so, that after you set the standards, a number of the standards were lower than they were before that. Do you agree with that statement, that you lowered the standards this year?—A. Well, it was my opinion at the time that we did.

Q. I made the statement in this Committee some time ago, that elevator men said that after you set the standards this last year the standard was lower, and some of the Western papers I think said that also?—A. Well, the grain trade generally does not agree with that.

Q. We have had two witnesses here before, one of them said they were higher, and the other witness showed us the standards and said he was convinced this year that they were one grade higher.—A. I know I have been told by grain men that they thought we had set the standards too high.

Q. And did you see the standards by which the grain was being graded in the country during the months of September and November, before the Board sat?—A. I think that the Chief Inspector had samples on the table there, the average of No. 4 as it had been graded this year up to date—the average of the grade before.

Q. But did you see the standards at all by which they were grading in September—the graders who were grading in Winnipeg.—A. General standards?

Q. The standards by which they were supposed to grade—last year's standards?—A. Well, the last year's standards were there also.

Q. You do not know whether those were the standards by which they were grading during the month of September? There is the impression throughout the country that during the month of September the standards were raised somewhat, and that when you people sat in October you lowered them below what they were in the month of September?—A. Well, I could not say as to that. I do not remember any difference at all on how the inspection of our grain was going after the Board sat, compared with what it was before we sat.

*By Mr. Lucas:*

Q. Mr. Gillespie, different standards vary very much from year to year?—A. Well I do not think they vary a great deal.

Q. Then would it be possible to have a standard that would be fixed, and use the same standard each year?—A. Well, if the same things were wrong with the wheat every year, that would be fine.

Q. It is owing to the climatic conditions that they find it necessary to change their standards every year?—A. In 1927 the crop was graded down, on account of badly frozen and weather damaged grain. This year also it might be that there was a double growth in the wheat and a number of green kernels, and there may have been many other reasons; I cannot mention them all because there were so many.

Q. You know there is dissatisfaction among the farmers each fall. They get a certain grade this year, and then they compare this year's crop with the last and they think they should have the same grade, but they do not, and they

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think there is something wrong.—A. Yes, those things happen all the time, but I do not know that they can be cured.

Q. Are you perfectly satisfied with the way the standards are set at present?—A. No, I am not saying that; I admit I am not satisfied.

Q. Have you any suggestion to make to the Committee in regard to a way out of that?—A. I have suggestions, yes, but they are merely my opinion. You see in setting No. 4, someone asked a question, do we pay any attention to what the lower grades will be relative to that No. 4? But he did not ask the question, did you think of what it was compared with No. 3?

I do not know that it was the sentiment of the Board, but I know that we reduced that standard as low as we thought we dare, because if we lowered it any further we would be getting too far away from the No. 3 grade.

I would suggest that the No. 1, No. 2 and No. 3, which are the standard grades as set by the Grain Act, and No. 4 and No. 5 and No. 6, which are set by the Standard Board, probably all should be set by one board, and at one time.

*By Hon. Mr. Dunning:*

Q. By one body at one time?—A. I do not know why the Standard Board was created, or why they were appointed to establish the lower grades of the standards; but I suppose there was some reason for it at the time; but to-day I think the time has gone past when one party should set three of those grades and another party should set the other three. I think it is absolutely, completely and entirely wrong.

*By Mr. Donnelly:*

Q. How would you suggest to set it?—A. I have a suggestion to make along that line. I would suggest that the Chief Inspector prepare all of these standard grades and have them according to what he thinks should be those grades, all set out; and that the Standard Board,—I think the Grain Act should be altered so that the Inspector can do that, and then the Standard Board shall come along and inspect not only the 4, 5, and 6, but that they shall pass on each one of those six grades, and that they shall lower them or raise them according to their best judgment. That would take it out of the hands of one man and lift the responsibility from one man, whose judgment might be wrong,—we are all subject to making mistakes; and would take the responsibility off his shoulders. And it does a little more than that, which I do not want to go into in detail. I think if that was done it would be a great aid to the Standards Board when they arrive in Winnipeg to set those standards.

*By Hon. Mr. Dunning:*

Q. Mr. Gillespie, would that involve the taking out of the Act the present definition of 1, 2, and 3?—A. Yes, I presume the Act would have to be changed to meet the situation.

Q. That is you would not have any legal standards for 1, 2, and 3?—A. I would not go that far. You might leave them as they are and you might give the Chief Inspector that power, and you might give the Standards Board power to go over him.

Q. Make it subject to review by the Standards Board?—A. Everyone of the samples.

*By Mr. Millar:*

Q. In the case of a type of wheat that might be considered on a line between 3 and 4, who decides where it shall go, the Inspector or the Grain Standards Board?—A. The Grain Standards Board has nothing to do with that. They can only set that Standard at Winnipeg.

Q. There might be a type that the Grain Standards Board might think should go into No. 4, and the Inspector might think it should go into No. 3.—who decides?—A. We have nothing to do with making that decision.

Q. Have you not to do with all types of wheat that you think should go into No. 4?—A. We have absolutely nothing to do with wheat after we set the standards.

Q. But you have to do with the types of wheat that you put into Standard 4, haven't you?—A. At the time we are setting the grades?

Q. Yes, that is what I am talking about.—A. There is no question about that. These fifty or sixty sacks which are there have been graded No. 4 by the inspector, and they are put into this row as No. 4; and there is No. 5, and yonder is No. 6.

Q. And you take the inspector's decision on that?—A. Oh, absolutely.

*By Mr. Garland:*

Q. You said that this year's crop was better than last year's, as far as the market was concerned, and you also stated that the Inspector prepared bags of wheat of different types, probably fifty or sixty, of each grade, and the Inspector graded that wheat. On what basis did he grade that wheat? Was it on the last year's or previous year's basis?—A. I think you will have to refer to the Chief Inspector for that.

Q. Don't you know, being on the Standards Board?—A. The Standards Board have nothing to do with how the Inspector grades wheat.

Q. What are you called there for?—A. We are called there to comply with the law, and use our own judgment.

Q. You have fifty sacks of No. 4 wheat, and this has been graded by the Inspection Department. Oh what basis is that put into No. 4? That is what I want to find out.—A. I suppose they have been graded according to their best judgment of what No. 4 should be.

Q. Then the next question is this; did the Standards Board, as a Board, find out from the Inspector on what basis he graded these fifty or sixty sacks as No. 4?—A. No.

Q. After you set what you consider to be a proper sample of No. 4 do you take into consideration the possibility of finding out the baking value of that wheat?—A. After we have set the standards?

Q. Yes?—A. No, we are through when we set the standards.

Q. You did not know the relation that it has to No. 3 or to No. 4, or No. 5, in relation to milling values?—A. We are aware, before we set these standards; but I do not want to say that we all took that into consideration. My sentiment was that we did, that the milling value was higher than last year; but we also had to taper that down because we were aware that no such poor crop was ever raised as in 1927.

Q. Can you tell the Committee how much you tapered it down this year.—A. That is pretty fine, you know, I do not think I could give you that point in detail at all.

Q. But you agree that the tapering down process represents actual money to the farmer, do you not?—A. Yes. I understand that the better the grade you make this, the better grade the farmer gets for it.

*By Hon. Mr. Dunning:*

Q. You are lowering the standard?—A. It is lowering the standard somewhat to the man in the Old Country.

Q. Are the spreads between 3, 4, 5, and 6, narrower this year than they were last year?—A. How are they narrower?

[Mr. John Gillespie.]



Q. Are they narrower?—A. Between some grades I think they are narrower, but between others I think they are wider; they fluctuate, of course, during the season.

Q. But you cannot tell us whether in general the spreads in prices have been narrower or wider than last year?—A. You cannot prophesy what the spreads are going to be between grades.

Q. I am speaking of between this year, in which you have had experience in the trade, and last year, of which you also have had experience in the trade, between the 1927 and the 1928 crop. Would you say the spreads in values or in prices were closer in 1928, for the 1928 crop, than they were for the 1927 crop, or were they the reverse?—A. I have not looked that up, I think probably the spreads this year were slightly wider maybe, than last year; on some grades I think more, and on other grades I think less. Between 3 and 4 this year there is a spread at present of about  $5\frac{1}{2}$  cents; but I think the average spread between those two grades is about 8 cents.

Q. That is the spread between 3 and 4 is narrower?—A. The spread between 3 and 4 this year I think is narrower than the average. The spread between 5 and 6 is probably wider than the average, although I do not mean to say from that that I have not seen them as wide before.

Q. There is a larger volume of No. 6 this year than last year?—A. Very much larger.

*By Hon. Mr. Malcolm:*

Q. What is the spread between 4 and 5—A. I think the spread between 4 and 5 is about 9 cts.

Q. What would be the average spread?—A. Well, I think that is probably very near the average; I am not sure that I am correct when I say it is 9 cts. But there is a paper there, and you could find out.

*By Mr. Coote:*

Q. There is no trouble in finding that out?—A. No, you could find it from the paper every day.

*By Mr. Millar:*

Q. From your previous answer, it follows that the Grain Standards Board do not in any way take into consideration the real milling value of the grain, but your business is confined to the crop which is already graded by the inspector?—A. That is correct.

*By Mr. Lucas:*

Q. In the fifty samples of No. 4 do they contain samples of the minimum and the maximum of that grade?—A. I think they do.

Q. So that if you mixed those and got out a composite sample you would get a sample equal to the average of that grade?—A. Oh, I would not say that. There may have been quite a number of those sacks, very much alike. It might be very close to it, but still if we took a sample of the wheat out of each sack and made a sample out of that, there might be quite a bit of difference.

Q. If you took a standard sample in that way, of the mixture of the whole grade, how would that compare with the samples which you finally set?—A. I do not know, but I believe that there would not have been a great deal of difference either one way or the other this year, although some seasons it might have made a little more difference.

Q. Did I understand you to say in the begining of your remarks, that the sample you set was about the minimum of the grade?—A. I understand the sample is supposed to be about the minimum.

[Mr. John Gillespie.]

*By Mr. Coote:*

Q. You are familiar with the process of grading wheat in the Inspector's Office, say at Edmonton?—A. Yes.

Q. In the inspection of this wheat, the Inspector, I presume, grades it all on the official standard samples which he has in his office?—A. The sample is there, I understand, as a minimum sample.

Q. According to the Grain Act we must use that as a basis for establishing the grades?—A. Well I do not think so, not according to the Grain Act. I would not say that; but I understand that his instructions that go out from the Inspection Dept. with those samples govern him.

Q. I suppose we could agree that that is the practice at any rate?—A. Yes, that is the practice, I believe.

Q. Have you not seen some years where that standard sample for, say, No. 5 or No. 6, was not of very much use to the Inspector at Edmonton? That is to say that the grain he is grading is an entirely different type.—A. That happens every season, sir,

Q. Then, Mr. Gillespie, would you think it might be a good idea to have the Standards Board set standards for use at Edmonton and Calgary for Pacific shipments?—A. I think I would be prepared to recommend that. As Mr. Fraser knows, I have suggested that several times. I have suggested that the samples made at Winnipeg are not representative samples of Alberta wheat. And now, since practically all of our Alberta wheat is going through a different port, going direct by Vancouver or Prince Rupert, I see no reason why they should not be another standard sample sent representing the Alberta and Western wheat. I cannot see where it would do a particle of harm. I have spoken about it to Mr. Fraser, and he was not in favour of it at the time I discussed it with him. But I think the time has gone past. We are raising nigh half-a-billion bushels of grain and in a few years we will probably have a billion bushels; and I think it is hard to send one sample to represent this large country between Winnipeg and Vancouver.

Q. It would, at all events, make the work of the Inspectors at Edmonton and Calgary much easier, would it not?—A. Yes, I am perfectly satisfied that it would.

Q. And is it your opinion that it might lead to a little more satisfaction among the farmers themselves, if they could see that the Standard samples were then of the same type as the wheat that they were delivering?—A. It certainly would.

*By Mr. Garland:*

Q. You refer to West-bound shipments only, do you not?—A. Yes.

Q. For the East-bound shipments, you would of necessity have to have inspection according to Eastern standards, would you not?—A. Well, I think probably, the shipper would have the right to have his grain graded in Winnipeg, if he chose; but I see no more harm in grading wheat in Edmonton to go to Winnipeg than is being done at the present time by grading it on the Winnipeg standard.

Q. At the present time the East-bound and the West-bound are both graded on the one standard. Now you propose a different standard for the Western shipments, but if there is an Eastern shipment it will have to be inspected according to the Winnipeg standard?—A. All that wheat which goes through Vancouver would have Edmonton or Calgary inspection.

Q. And Edmonton or Calgary standards?—A. Yes.

Q. Now what about the East-bound?—A. That is a matter which could be very easily arranged.

[Mr. John Gillespie.]

Q. How would you suggest?—A. If the Inspection Department should think it was not the proper thing to do for the Inspection people at Edmonton to inspect the grain going through Winnipeg to the East, let it be inspected at Winnipeg. It all used to be inspected there at one time.

Q. Many farmers expect and require inspection at Edmonton. They have the right to demand it, and it is a compulsory inspection point, and they may ask that it be inspected there, for East-bound shipments?—A. If it is inspected at Edmonton, it takes probably two weeks for the shipment to get down to Winnipeg, and the farmer has ample time to ask for another inspection at Winnipeg. They would inspect it, naturally, on their own samples.

Q. Then would there not be a tremendous amount of confusion?—A. I do not see why there should be any more than at the present time. It is all graded under one standard at the present time.

*By Hon. Mr. Dunning:*

Q. Your recommendation of the two standards is based upon the idea that there is really a difference of intrinsic value between the grain which normally goes West-bound and the grain which normally goes East-bound, and that is why you want the two standards, is it not?—A. I am not qualified to say that there would be much difference in the intrinsic value.

Q. Then why the two standards?—A. Because the grain in Winnipeg, as I told you before, was graded No. 4 for an altogether different reason from that for which grain in Edmonton was graded No. 4.

Q. If the farmer in central Saskatchewan was producing a type of damaged grain similar to that in Alberta, should he not be entitled to have the same grade?—A. What I am trying to advocate is that Mr. Fraser, the Chief Inspector, send over samples to all the world, the standard sample that he makes, and that we make. These standard samples, I understand, are sent over the world as being the standard samples of that grade which is going down the Lakes; and he also sends a standard sample of the grain going through Vancouver. That sample which he sends from Winnipeg will represent all the grain going East, and the sample which he sends from Vancouver will represent all the stuff going through Pacific ports, and will be the standard sample for the grain going by that route. They are two entirely different routes, and there would be no confusion.

I would not say I know it for a fact, but I am perfectly satisfied that the millers and importers of the grain would very greatly appreciate if they could get the type of sample they could expect from British Columbia or Vancouver, and also the sample that they could expect of grain through the Eastern outlet, Fort William and Port Arthur.

Q. Are you not really after a greater consideration of the different types of damage in the lower grades? You remember I asked you if it would not facilitate matters if wheat was designated as being No. 4 on account of frost, or No. 4 on account of rust. Would not that have the effect of separating the actual type of damage? You remember that for several years you had a No. 5 special due to a particularly rusty year.—A. I think it is perfectly right to make a grade like that in special cases. I see nothing wrong with that.

Q. Would not that have the same effect as the suggestion you make, only it would not be geographical; the grain would have a different description, if the Alberta type of damage were mainly from frost?—A. There are a great many other causes, and it would be a matter of how you could operate those grades, and what good would it do the foreigner. A car may be poor because the grain was very badly frozen. Then you might have another car which was good No. 3 wheat, but it contained a number of samples of green kernels.

[Mr. John Gillespie.]



Q. In that event it would be good No. 4, but it would not be good enough for No. 3. Could it not be No. 4 rusted, or if on the other hand it was not good enough for No. 3 because of the green kernels, which while heavy were badly frosted and damaged?—A. If you were going to ship that one car and not mix it with anything else you could grade it in that way.

Q. In the crop which is being marketed this year, the major type of damage was frost, was it not?—A. Yes.

Q. Let us assume that in a particular year they had a rust wave?—A. It is quite obvious that you could have a grade, but I do not see the object of it.

Q. I was in the Old Country when the mills were protesting that they had to mill wheat which was partly rusted and partly frosted.—A. That is the difficulty, that you will get wheat mixed up.

Q. Not if it is of a different grade. You have described to us the settling of the samples, and you have said that in some sample there might be wheat which weighed over sixty pounds to the bushel, but which was heavily damaged by frost, and also wheat which was below the next higher grade for the reason that it was merely light. Is it good business, then, in that way, to put the two in the same grade?—A. It might be an advantage to the miller in the Old Country to keep those separate; I think it would be; but I think it is a physical impossibility. There is not only frost to contend with, but if you start to do that you would have some half-dozen things which you would have to report to these people in the Old Country, and where are you going to get that, or how are you going to differentiate? It would be impossible to bin all this stuff separately. Some have thought about grading by protein content.

*By Mr. Coote:*

Q. In regard to the wheat going through British Columbia ports, it would nearly all be graded down because of the same kind of damage, that is there would be very little rust?—A. Very little rust has appeared in Alberta.

Q. And in many years there has been a very decided difference in weight per bushel?—A. Our Western grain has always been recognized as being of a very heavy body.

Q. And there is difficulty in judging that wheat on the standard samples, some years?—A. I think it is an absurd thing, that is what I think about it.

*By Mr. Lucas:*

Q. Are you aware of any difference in the United States in the standard of wheat going East or West?—A. Oh, well, they have got a great many more grades down there than we have here. The wheat from Washington—there is a Western wheat, I do not know what they call it; every State has—

Q. I mean, do they have different standards?—A. Oh yes, they have grades just the same as we have.

Q. Are there different standards to which to grade that grain?—A. Different standards to grade it by, the same as we set standards, do you mean?

Q. Yes.—A. They have no Standards Board; they have a board of Grain Commissioners, the same as we have, practically. I think there is a great deal of Inter-State Inspection.

*By Hon. Mr. Dunning:*

Q. It depends on which market it goes to?—A. Their inspection is very different from ours. They have state inspection under the federal government in some way; and grain coming from North Dakota for instance is graded in Minnesota and Minneapolis; under the Grain Commissioners in Minneapolis; or it may be graded out in Fargo. It is all under the same standards, as far as North Dakota and Minnesota are concerned.

[Mr. John Gillespie.]

Q. Did not North Dakota some years ago try to grade their grain separately?  
A. Yes, as a matter of fact it is now all graded, I understand, in such place as Fargo, Moorehead, and other towns, before it arrives at Minnesota.

Q. But on the Minnesota States grades?—R. I believe so; but it is practically the same.

*By Mr. Millar:*

Q. In your experience in setting standards on the lower grades, would it not be an advantage if during the early part of each season, government or official chemists were asked to select samples from all of the different regions and make tests and have a report ready for the Chief Inspector and the Grain Standards Board to consider, setting out the actual milling value of the different types of wheat?—A. There might be some benefit derived from finding the actual milling value of the grain before the standards are set; but after all is said and done, you are going to get certain prices for that wheat when you export it according to its value.

Q. But would it not be accurately grouped according to value?—A. I do not think it would be as accurate as the present system.

Q. That is, the visual test is more accurate than a chemical test, you would say; the eye-test, you think is more accurate than a chemical test?—A. No. I think that the chemical test certainly would demonstrate the content of gluten or protein, as they call it, which was impossible for any Grain Inspection Department, or any Standards Board to find out for themselves by its appearance.

Q. But the suggestion I made was that chemists be asked in the early part of the season to take the different types and make baking and milling tests of them?—A. Well, my opinion of that is that the only place to get those samples would be from the Inspection Department at Winnipeg, or some other point.

Q. What is that?—A. My opinion is that the only place to get those samples would be from the Inspection Department at Winnipeg. I do not think it is possible properly to take samples from all over the country.

Q. I do not care how they get them, but that they should be drawn from different sections?—A. Well, that is a matter of opinion, I suppose, I would say it was going a step backwards to adopt that system.

*By Hon. Mr. Malcolm:*

Q. Would you mind returning to the point of a different set of samples for the Western, as against the Eastern division. Do you think wheat in Northern Alberta varies from the wheat in Southern Alberta?—A. Yes, there is a variance there. The Southern Alberta wheat, of course, is pretty much like the wheat in Southern Saskatchewan.

Q. So that you think there is greater similarity between Southern Alberta and Southern Saskatchewan than there is between Northern and Southern Alberta?—A. I would say that in the Southern part of those two provinces, the wheat would be pretty much alike.

Q. In Southern Alberta and Southern Saskatchewan?—A. Yes.

Q. And you would say also that the Northern part of Alberta and Northern Saskatchewan would be somewhat alike?—A. Yes, to a certain distance at least.

Q. So that if you set a standard for West-bound grain and drew the line North and South, you would still have the same variety or types going West-bound that you now have going East-bound?—A. Well, we would have a variety of types.

Q. I mean a variety of conditions?—A. Yes, but the variety is a variety that is confined to Alberta.

Q. In other words, do you not think it is a fact that if you drew the line East and West instead of North and South, you would be more liable to get the

[Mr. John Gillespie.]

same set of frost or rust conditions?—A. Well, they got a good deal of frozen grain South of Calgary,—a great deal that was not fit for feed this year.

Q. Would it be better to have a set of Standards for wheat moving Westward from Vancouver and another set for wheat moving Eastward from the head of the Lakes? Do you not think you would have very much the same set of conditions to contend with in each case? Your suggestion, as I understand, was that if a standard was set up for West-bound wheat you would get a truer representative sample of the wheat grown in that particular area, but you also admit that in that area, North and South, the same variety of conditions exist as exist in the whole set of samples made now?—A. No, I do not think I would say that the same number of varieties exist.

Q. Then you do really think that a line could be drawn between the wheat moving West-bound and the wheat moving Eastward and that two sets of standards could be set up, with samples representing those standards which would really be a benefit to the Western part of the Dominion? You would maintain a set of standards for all wheat going via Vancouver, and maintain a set of standards for all grain going via the head of the lakes?—A. Yes, sir.

Q. Then, supposing a man was growing a wheat in Alberta that could be graded higher on the Winnipeg standard than it was on the westbound standard, he would still then have the right to accept Winnipeg inspection?—A. The grain, of course, would have to go to Winnipeg.

Q. He would have the right to accept the Winnipeg inspection, if the grain went eastward, and if the wheat was raised in northern Saskatchewan and it graded a grade higher on the Vancouver inspection then he would have the right to ship via Vancouver, at a little higher freight rate possibly, but at a profit to himself?—A. That is so, if the car gets double inspection.

Q. No, not necessarily. I am taking a case where you have two sets of standards, one set of standards to meet the conditions of the grain in the western area, and grain to those standards goes out via Vancouver. You have another set of standards for grain drawn from an area which feeds Fort William, representative of the grain grown in that area. But if in either area, in a particular location, it was more advantageous to the producer to ship via the other outlet he would still have the privilege of accepting whichever standards would give him the best return for his crop?—A. He would have to accept the standard in the inspection division that the car goes through.

Q. Exactly. He would have the choice of the inspection division he would put his car through?—A. Absolutely.

Q. So that your suggestion comes down to this, if I may express my interpretation of it, that there would be set up standards for the district which feeds the Pacific coast terminals?—A. Yes.

Q. And that there would be set up samples for the district which normally feeds the terminals at the head of the lakes?—A. Yes.

Q. And that those standards shall be fair representative standards of the wheat grown in those areas?—A. Yes.

Q. So that the farmer really has two sets of standards on which his grain may be graded?—A. Yes.

Q. And he also has the choice as to which terminal, and the standard at the terminal he chooses to select?—A. I do not mean to say that they can ship this grain to Winnipeg and have the choice of picking the standards there.

Q. No. I am taking the case of the man on the line, Mr. Gillespie, the man whose shipping facilities are about equal in either direction. He could, if he thought it more profitable to him, accept the Pacific coast standards, and ship there, or if he thought it more profitable to him he could accept the Atlantic coast standards and ship that way?—A. Yes. That is what they are doing at the present time.

[Mr. John Gillespie.]



*By Mr. Donnelly:*

Q. Mr. Gillespie, there are twenty-five men, I understand, on this Grain Standards Board. Do you think that is too large a Board?—A. I do not know that there are twenty-five on the Board.

Q. Yes, there are twenty-five on the Board. How many usually attend?—A. On an average, about twenty, or less perhaps. Perhaps Mr. Fraser can tell you.

Mr. FRASER: There are about twenty-five.

The CHAIRMAN: There are twenty-five on the list.

The WITNESS: There are usually one or two who cannot attend, on account of sickness or something else.

*By Mr. Donnelly:*

Q. Would you make it larger or smaller?—A. I would imagine that it is not necessary to have that number on it, but I realize that the different districts would like to have a representative on the Board, which they have now. Perhaps that was the reason why it was made as large as it is. There is a great deal of confidence amongst the farmers in a district that has a representative on the Board. They know that he has been there and has seen this grain, and that he is satisfied that they did the best they could to make the standard grade proper for the producers. I think the idea of having this large committee is a very satisfactory one, on the whole.

Mr. FANSHER (*Last Mountain*): It seemed to me that Mr. Malcolm was assuming that there were two standards, one for the westbound wheat and the other for the eastbound wheat, and that there would be a difference in their value.

Hon. Mr. MALCOLM: No, a difference in the conditions which set them.

Mr. FANSHER (*Last Mountain*): But whether No. 5 or No. 4, when the wheat is graded, it should not necessarily be materially of more or of less value, that is, westbound, than a grade in Winnipeg eastbound. It seems to me the inference was that there would be, in setting these two samples, a difference in the value.

Hon. Mr. MALCOLM: No.

The WITNESS: It might happen, of course, at times, that the grain grown in Alberta might be of better quality than the grain grown in Manitoba. That is all to the advantage of the Alberta farmer, because you realize that they are getting a better grade of grain from Vancouver on that same grade, and they would choose that grain and pay more for it.

*By Hon. Mr. Malcolm:*

Q. May I interrupt again? What I was asking Mr. Gillespie to confirm was, that the standard would be set for the average of the crop in an area. Supposing in one area, Mr. Gillespie, the standard was set on frost, and in the other area there was no frost, but a farm in the area where the average was set on frost happened to have not been affected by frost, it would be more to this owner's advantage to ship to the other point. That a certain set of conditions would not necessarily apply to the whole western division, or to the whole eastern division. It might be that one man in the western division had exactly the same set of conditions in his area that applied in the eastern division; therefore, it would be better for him to take the standard of the other division and ship via the port which might actually not be his port?—A. That might be so.

[Mr. John Gillespie.]

*By Mr. Fansher (Last Mountain):*

Q. I think Mr. Gillespie left the inference that, in his opinion, the standards, or the samples for the statutory grades should come under the same purview, or the purview of the same authorities as the 4, 5 and 6. Do I understand from that, Mr. Gillespie, that there is a variation in the samples set up from year to year, in the grades, 1, 2 or 3, or the statutory grades?—A. Oh, there certainly must be some variation from year to year.

Q. And how much?—A. I would not want to say. I do not know just how much.

Q. Have you any suggestion to offer the Committee with regard to that question which you raised, that all these grades should be set by the one Board, or by the same authority, that is, from 1 to 6?—A. Have I any suggestion?

Q. Yes, have you any suggestion to make?—A. Well, I have already suggested, I think, that they do set those grades put up by the final inspectors who choose those grades to their own satisfaction, after the inspector has made the grades, or set them out. The reason is, it would take absolutely too long a time for the Board to do it. I would suggest that the inspector have those samples so prepared, as he considers the proper grades, and that the Board then come along and go over those grades very carefully and choose them to their own satisfaction.

Q. In your opinion, Mr. Gillespie, as a member of the Standards Board, is there room for more grades? We have six now, one, two and three statutory, and four, five and six commercial. The spreads between these grades, in some instances, are very wide. In your opinion, do you think that there is room for more grades between 1 and 6, say one or two more grades? It has been suggested to us that there should be seven or eight grades instead of six.—A. Well, between say, two and four three comes in. There is a spread at the present time, of five and one-half cents between three and four, and I think a spread of about five cents between two and three. I do not see that it is possible to put another grade in there.

*By Mr. Coote:*

Q. We have had the suggestion that we should have another grade in between three and feed?—A. Well, where would you have it. I presume that you would like to have it this year between five and six because there is sixteen cents of a spread.

Q. Well, probably there will be a little change in each one of the grades, so that you could put four grades in there instead of three?—A. I think it would be an impossibility for those grades to be set any closer together than they are at present. It would make for a lot more confusion and it would make a lot more dissatisfaction.

Q. That suggestion has been made to the Committee. We would like to get your opinion.—A. The Inspection Department has decidedly hard times, as matters stand to-day to decide to which grade samples belong to at times. You know that there are grades that have been called for re-inspection from time to time.

*By Hon. Mr. Malcolm:*

Q. As it is to-day, under the Act, the Chief Inspector tries to conform with the statutory definition of grades 1, 2 and 3?—A. Yes.

Q. And the Standards Board does not have any opportunity of reviewing the judgment of the Chief Inspector in so setting those standards.—A. They have nothing to do with that part of it.

Q. The samples are collected from all over the area from cars going through Winnipeg, for the commercial grades?—A. Yes.

[Mr. John Gillespie.]

Q. And the Inspector then, from the mass of samples collected, sets out what, in his opinion, are 4, 5 and 6, and submits these, in that correct?—A. That is correct.

Q. When all the bags which the Inspector has said, in his judgment, are No. 4, are before the Standards Board, then from these bags they set up a sample of No. 4 grade on which the Inspection Department shall work?—A. Yes.

Q. And from the bags described by the Inspector as being No. 5 the Standards Board set up another sample upon which the Inspection Department shall work?—A. Yes.

Q. And you contend that if the Inspector has set what he considers are 1, 2 and 3 under the restrictions placed upon him by the statute, the Standards Board should have the opportunity of reviewing his decisions, affirming them or altering them?—A. Yes, I think so.

Q. As they now have on 4, 5 and 6?—A. Yes.

Q. Let me ask you this question, Mr. Gillespie; after the Inspector has set out what bags he considers are No. 4, and what bags he considers are No. 5, and what bags he considers are No. 6, does the Standards Board change any of these three rows of bags and put some No. 4 into No. 5? Do they readjust what the Inspector has already decided—A. I believe that has been done.

Q. That has been done?—A. Yes.

Q. In other words, what is now being done by the Standards Board is to try and adjust the Inspector's opinion on his selection on what he selects as 4, 5 and 6?—A. Yes, sir.

Q. They try to adjust that?—A. Yes, sir.

Q. And if they were given the power on 1, 2 or 3, they could also revise the opinion expressed by him on the samples submitted to the Standards Boards, but only in relation to the law?—A. Yes.

Q. Have you any suggestion to make to the Committee on this broader question, as to whether the Standards Board should set up the standards altogether without taking the Chief Inspector's opinion at all?—A. I do not see any particular reason why they could not do it. The only reason I suggested is because the Inspector has these samples there to facilitate the work.

Q. In other words, the Inspector's division, of 4, 5, and 6, is just a preliminary amount of labour?—A. Yes.

Q. Which the Standards Board should be relieved of, and the Standards Board should then readjust in accordance with their own opinion?—A. They would still have to hold those fifty bags of Nos. 4, 5 and 6, as they have done before.

Q. But they could rearrange them if they thought it advisable at the present time?—A. So that they could have a selection of each one of those grades, to revise those grades if necessary.

Q. In other words, you say as a member of the Standards Board that while the Inspector does this work, it in no way hampers the Standards Board in revising his general selection?—A. They might discard the whole lot of samples and make new samples entirely.

Q. So that, so far as 4, 5 and 6 are concerned, the Standards Board was entirely responsible for the samples finally agreed upon?—A. Yes.

Q. And you advise that the Standards Board should also be responsible for 1, 2 and 3?—A. Yes.

Q. I am inclined to agree with you for the reason that I have never thought that the Act was right in giving to a man who has to administer the inspection of the grain any particular final authority in determining the grades which he is to administer. I rather agree with you on that point.—A. And that that would relieve Mr. Fraser of a great deal of responsibility.



Q. Now as to another point which Mr. Millar raised, when the Agriculture Committee sat last year, a good deal of attention was paid to the subject of finding the actual milling value of the different grades of wheat set up by the Standards Board. In other words, everyone seemed to think that the milling value was the basis on which wheat was sold on the continent and on which the prices were set; and that after all whatever grades you set, the European buyers set their value on the milling value of the wheat?—A. Yes.

Q. Supposing you, as the Standards Board, set a high standard of No. 4 commercial grade; and when that wheat reached Liverpool market, if it was a high grade, would it be reflected in the price?—A. I believe it would. I believe that if a standard sample that has been sent over to Europe has the same quality in it that you mention—

Q. What I am trying to get at is a very interesting point, and I think the Committee should have it clearly brought to their attention. As soon as you set the standard, samples are sent to the corn exchanges of the world?—A. Yes.

Q. So that they may know what they are going to receive. You, I believe, with the rest of us who have followed the subject, know that these millers immediately test the value of the samples submitted?—A. I presume that they do.

Q. And that the price which is paid is paid pretty much on the value of that sample for milling?—A. I fancy if you send a man better grain than is contained in your sample they do not have to pay for it.

Q. So that whatever sample is set by your Standards Board, once the sample is sent to the European market and the sample submitted, the price is fixed, based on world prices, for a grade of Canadia wheat?—A. I think they base their price absolutely on that sample.

Q. So that it is of no advantage whatever, after the sample has been submitted and the price has been fixed in the corn exchanges on that sample, based on wheat from other countries, it is of no advantage to us for our terminals to send out any better wheat than the sample, because we will not be paid for the better wheat over that sample?—A. They can do so, if they please, and make themselves good fellows; but I do not think it is of any advantage in price.

Q. Certain complaints have been received from time to time from the corn exchanges of the world with regard to the grade of wheat shipped to them?—A. Yes.

Q. Their appeals, in the general run of cases, have not been proven to be correct, but in the general run of cases it has been proven that they got as good a grade of wheat as they paid for, and their appeal has not been sustained. Is that not true?—A. I do not know.

Q. In other words, if they get a better grade of wheat than the sample calls for, the profit is to the European buyer, and the loss is to the Canadian farmer?—A. If I am a manufacturer, and send a sample machine to a customer, a machine dealer, and say, "there is a sample of the machines that I am giving you," then if I send him an article which is very much better, I do not think he will volunteer to pay me any more for that better machine.

Q. Now I want to bring out another point in connection with this. The Canadian farmer, the producer of grain, when the samples are sent, has a right to have some idea of what the milling value of these grains is, because whether it be a visual or a chemical test, the Standards Board use their eye sight, in testing?—A. Yes.

Q. Is there a good deal of difference, from your knowledge, between standards set on actually seeing and handling the grain, and the milling value of the grain?—A. A good grade of wheat will usually contain a larger amount of protein. That is reasonable.

Q. The Agriculture Committee recommended last year the enlargement of the laboratories of the Board of Grain Commissioners in Winnipeg, for the

purpose of determining the milling value of these wheats, and much work has been done and much information has been secured, pertaining to the protein content. Protein maps have been distributed, and the report of the laboratory has been distributed. I want to hear from you gentlemen who are on the Standards Board as to whether this work is being wasted, or whether this work is to be made practical use of, because as Minister supporting last year's Committee's report, I have made a great deal of effort in connection with the laboratories at Winnipeg, so that the milling value might be reached, which is said to be the basis for the European prices of the wheat. Now, if the Standards Board cannot see some value in the money we are spending, the obvious answer is that we are not profiting by the work which was recommended by the last year's Committee. I may say that when you do set your standards for 4, 5 and 6, a baking and milling test should be made, so that the European buyer may be advised.—A. I think the European buyer knows the quality of our grain about as quickly as our own mills do.

Q. Would they know it as quickly as the Standards Board would know it if the Standards Board had the baking and milling reports before them before they set the grades?—A. I think they would know it about as soon as the Standards Board would.

Q. In other words, they have representatives making a survey of the Canadian crop or conditions, who have a very definite knowledge of the class of wheat they are going to get, even before the standards are set?—A. I think that is correct.

Q. Then are you prepared to say that the work of the Research Laboratory at Winnipeg is of any assistance or could be made of any assistance to the Standards Board?—A. I do not know that it does any harm to know the value of the protein content and the milling value of the grain; but after all is said and done, gentlemen, that chemical test of the grain for protein content is only one phase of the quality that is in that grain.

Q. Just so, and the protein content may vary from year to year?—A. Yes.

Q. Do you think, Mr. Gillespie, that it is practicable to buy wheat on protein content value?—A. I am afraid it is as nearly an impossibility as anything I know of. I will tell you the reason why, if you like. I might give you a little experience that I had about fifteen or twenty years ago. I was in Portland, Oregon, and was invited to go down to the plant of a big grain exporter. They also had a six thousand bushel mill in Portland. The grain is all handled in sacks, in Portland. Throughout Washington there are no elevators. The grain was all shipped to the warehouse in bags, and these bags are unloaded from the cars. I said to this man, "How do you inspect this wheat? How do you grade it when it comes in here in sacks?" He said, "We are using a good deal of this wheat for our mill and we bin it all according to protein content". Oh, I said, that is the way you do it? I said, You will average about thirteen per cent and you put all your thirteen per cent content wheat in one bin and your twelve per cent in another, and your nine, ten and fifteen per cent and so on, all in separate bins?" "Oh, no", he says, we do not do that. We have first to take into consideration the quality of the grain." Then I said to him, "You mean that you first have to find out whether it is a No. 1 Northern wheat or a No. 5 wheat or a No. 4 wheat?" And he said "Exactly."

*By Hon. Mr. Dunning:*

Q. How is that discovered? That is by weight down there, is it not?—A. They grade it pretty much by the quality.

Q. You are speaking of wheat purchased in Washington and Oregon?—A. Yes. I do not know about the grades there, but I fancy that they go a good deal by the quality, which means the grade. In other words, the appearance

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of the wheat, which is the quality outside of the gluten content, as they called it at that time. This was at the time when there was a good deal of discussion in the United States and when it was a live question there, as it is here to-day. I gathered at that time, and I have never got it out of my mind, that you cannot bin No. 1 Northern wheat with a thirteen per cent protein content and a No. 3 wheat with a thirteen per cent content together. These two are perfectly different values of wheat, although the protein content is exactly the same. That illustrates, I think, why it is a physical impossibility to grade this wheat according to protein content. At least I say this much, that the same system which we have to-day of inspecting wheat on its visable quality would have to be done first; and if there is any possible way of being able to find out the protein content before the wheat goes too far away from the farmer's hands, so that he could get the benefit of it, I do not know how it can be done.

*By Mr. Ross (Moose Jaw):*

Q. You were answering Mr. Malcolm in regard to how the European buyer bought his wheat. Have you ever been on the exchanges in Liverpool and London?—A. No Sir.

Q. Then, when you told Mr. Malcolm that provided we shipped better wheat than our standard calls for, you do not know from actual experience whether the European buyer would pay more?—A. I only say to that that they could pay more, if they pleased to do so, but they are not compelled to do so.

Q. On the European market they are not buying on your certificate altogether. The evidence as brought out here would lead the Committee to believe that the European buyer is buying on your certificate only.

Mr. MALCOLM: On the sample.

*By Mr. Ross:*

Q. But you must admit that the European buyer is changing his bid on those grains all the time on account of the sample that does come forward, indeed on account of of the cargo which comes forward, and a sample of that cargo comes on the exchanges in the Old Country. Now, if you send a better grade over than the grade calls for, you may find that the European buyer for the time will not pay more, but competition over there will force them to pay more.—A. Of course competition and the demand changes the prices of grain from time to time. If there is a scarcity of one grade and more of another—there are a great many things which will change the price of a grade.

Q. If you have a cargo of grain being shipped to the Old Country, there is a sample of every cargo of No. 4 which goes on to the table in every exchange in Great Britain and Europe—is that not right?—A. I suppose so.

Q. And the European buyer bids on the actual samples that are there?—A. I understand, you know, that this grain is all sold before it leaves the continent here.

Q. Yes, I admit that. I do not say that he buys on the sample of that particular cargo, but he bids on the samples of the cargoes which have been coming forward, and if you change your grade at Montreal, the bids on the boards at Liverpool and elsewhere go up and down?—A. My original argument is that the Government of Canada through their Inspection Department sends them standard samples, representing standards of that grade, and that they base their price absolutely and entirely on that sample; and that if they pay more at any time than what they think the value of that sample is, then they are doing it for some other reason because there is a scarcity of that kind of grain, or a bigger demand for it, or it may be of better milling quality than some other samples they have there.

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Q. So that man is bidding on the certificate, and until some error, or until for some reason grain is not shipped up to that sample at Montreal, he is still going to continue paying the same price.

Hon. Mr. MALCOLM: That does not happen.

The WITNESS: I might say he might pay the same price, but there would be a protest immediately sent to the Grain Inspection Department.

Hon. Mr. MALCOLM: What Mr. Ross suggests does not happen. If it did happen, there would be a protest immediately.

The WITNESS: I say they might pay it under protest but would immediately send a protest to the Grain Inspection Department.

*By Mr. Ross:*

Q. Do you actually believe that the price at Liverpool is always set on the Canadian certificate?—A. I said they were set on the sample, that the Dominion Government guarantees we are going to ship according to that standard.

Q. And they would pay more if there was a better quality?—A. I do not see why we should penalize the producers of Canada by giving the purchasers better grain than we guarantee to give them. Who would lose the difference? It would be the producers.

Q. Would you tell us where the guarantee is which you mention?—A. It is a practical guarantee when any sample goes over there that is under that grade. What do you hear from them over there?

The CHAIRMAN: It is now one o'clock.

Hon. Mr. MOTHERWELL: Will we have another opportunity of questioning the witness? I think some would like to follow up Mr. Ross' line of questions.

The Committee adjourned until four p.m.

## AFTERNOON SESSION

The Committee resumed at 4 p.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Gentlemen, we were examining Mr. Gillespie this morning. Are there any more questions?

JOHN GILLESPIE, recalled.

*By Mr. Millar:*

Q. With regard to the matter that we were discussing when we adjourned this morning, Mr. Gillespie, you are a grain man?—A. Yes. I have been in the grain business for about thirty-five years.

Q. You would say, I suppose, that the price paid by the British buyer is a fair price for what they receive?—A. Well, I have to admit that I am not an exporter. I do not export grain myself.

Q. You do not export grain yourself?—A. No.

Q. Well, then, take it from your knowledge of the business. You would suppose that the importers in Great Britain, and in Europe are paying a fair price?—A. Well, I would presume so.

Q. What induces them to pay the price they are paying?—A. Well, the quality of our Canadian Government Certified Grain.

Q. That is not exactly what I meant, Mr. Gillespie. Some of them, no doubt, if they are paying \$1.40 would pay \$1.20 and \$1.10 if they could get the grain for that. Why are they paying the price they do?—A. Well, I suppose

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that they compare our grain with the grain of other countries, and they have to have our grain over there to mix with lower grade qualities of soft wheat that they buy from other countries.

Q. Yes, but would they not buy it for less if they could get it for less?—

A. I do not suppose that they pay any more for it than they have to.

Q. No, they are paying what they have to pay?—A. Yes.

Q. Let us suppose that they are buying the grain, and the grain is arriving equal to the composite standard, and they are paying a price that leaves them only a fair profit. Then, for some reason the quality of the grain increases, and is worth three cents more, what change would take place in the price?—

A. Well, I would think that if they did not have to pay it they would not pay any more for it.

Q. If they did not have to pay it they would not pay any more for it?—

A. No, if they were not compelled to buy it at a higher price they would buy it as cheap as they possibly could.

Q. But suppose the grain is worth three cents more?—A. Supposing it is.

Q. The quality of the grain has increased, has improved so that it is worth three cents more?—A. Yes.

Q. What would the buyers do?—A. Well, say that they pay three cents more, say that they pay more than its value, they would do that if they were compelled to have it. They may have to pay a lot more than the value of it at times.

Q. But if the quality increases they are willing to increase the price?—

A. I do not know whether they are willing or not. They certainly would not do it if they did not have to. If they have to do it, then no doubt they will do it.

Q. And competition would be keen enough over there to compel them to do that?—A. Well, as I understand it, two men buy all the grain in the old country, for practically all the millers.

Q. Two men?—A. Yes.

Q. Well, would you take from that that competition is not functioning?—

A. Well, you can take it that way. You can take it any way you like. I believe it is, to a certain extent, to cut out competition.

Q. But what I want to know is how you take it?—A. Well, that is about the way I would size it up myself.

Q. Is competition functioning or not?—A. Well, it depends upon whether these two men have other competitors or not, or whether they are competing against one another or not.

Q. It depends on whether it is functioning or not. I would like to get your opinion as to whether there is competition in our export grain or not?—

A. Well, I do not think there is very much competition. We have often large quantities of grain going out all the time, large quantities of it carried over from one year to another, and I do not see why these people have to pay anything more than they have a right to pay for this grain.

Q. That is rather a serious statement that there is not much competition. A few years ago when Vancouver opened up and started to ship there were no mixing elevators there, and the grain was, for some little time, drawing a premium of five cents a bushel over the eastern output.—A. It draws a premium over the eastern shipments every winter.

Q. Why is that, please?—A. I think it is partly because navigation is closed, and they can ship all winter from this port.

Q. Yes, but at times when navigation was not closed there was a premium of five cents a bushel on the western grain?—A. It might be that the western grain has a better value.

Q. It might be that the western grain has a better value?—A. Yes.

Q. And the better value would bring a better price?—A. It might; it should.

Q. Notwithstanding the fact that the standard was the same for the western grain as for the eastern grain?—A. That might be. It might follow that if they have to pay the price for it that they can get that grain at Vancouver at the same price, and I do not suppose that they would pay a cent for it unless they had to.

Q. Oh, yes, if they can get it at half a cent less than it is worth, or so much less than it is worth, naturally they would. But in the ordinary course of business would you not admit that the quality, or the price rather follows the quality?—A. I think it does, based on the standard of our different grades, if the quality of our grain is good. It is practically guaranteed by the government on the sample over there, and they can afford to pay a good price for it.

Q. There is quite a difference in the price following the quality and the price following the standard. The standard in this case I speak of was just the same for the eastern output as it was for the western output, yet there was a difference in price of five cents a bushel.—A. I know at that time, and probably it occurs to-day, when they cannot always get shipments, and there is more competition for that grain out there. At times it is stored in large quantities at Vancouver, and in order to get it away from the buyers, from the sellers over there, they are holding that up.

Q. This was the price paid by the importer?—A. Yes.

Q. The importer, when he receives that grain, would not take into consideration whether they wanted to get rid of it or not?—A. I presume he could not buy it any cheaper if the buyer held it up at that price and would not let it go any lower.

Q. He would pay more for it because it was worth more money?—A. If he had to. If he did not have to, then he would not.

Q. If our grain fell in quality below the composite standard, would the buyers continue for any great length of time to pay the standard price?—A. Well, I do not think they would. I understand that they have some court of arbitration that they decide those things by.

Q. Well, they do not have any redress. They can make complaint, but that is as far as it goes. It is certificate final. That settles it. The only other thing they could do, if it dropped a cent or two cents in value the only thing they could do would be to drop it in price?—A. Yes.

Hon. Mr. MALCOLM: I do not think Mr. Millar's question is fair. He says, if the grain fell in quality below the composite sample. The grain could not fall in quality below the composite sample, or the importer would have the right to object.

Mr. MILLAR: No, Mr. Malcolm.

Mr. DONNELLY: This witness is not an exporter. He has never been over at the Corn Exchange. We are only getting expressions of opinion from him regarding those things. Any one of us could get up and give our opinion, because, after all, it is only an opinion he is giving.

Mr. MILLAR: The Minister brought out answers to those very same questions, and they have been placed on the record, therefore, I think it is quite proper that arguments on the other side should be brought out. As far as I am concerned I have brought out enough now to satisfy me.

The WITNESS: It does not affect the grain shipped by the mixers, at any rate, because that is certainly kept up above standard.

*By Mr. Millar:*

Q. The point that I wish to make is, you agree with this, that the price that the importer was probably paying would be based on the quality of grain that reaches him?—A. I agreed with you that if the grade was lower than what was

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represented in the government standard it is natural for a man not to pay more than the thing is worth, but it is also natural for a man not to pay what a thing is worth if he does not have to.

Q. But if competition drives him to it he will pay what it is worth?—

A. Yes.

Hon. Mr. MALCOLM: The reason I objected to Mr. Millar's question is because the government standard is set, and the buyers on the other side of the Atlantic have a sample of their own which is sent over. They have the right to expect to receive grain up to that standard, as I understand it, and the appeals that have come in against cargoes have been that the cargo has not been up to standard and is, therefore, not worth the price fixed for that grade. The appeal has been therefore that the grain has not been worth the price. Then, of course, the appeal is either allowed or disallowed, as the case may be. But in the history of the appeals that have come from the other side, I think it can be shown—and Mr. Fraser can give that evidence—that the majority of the appeals from the British buyer have not been substantiated. It has been shown in almost every instance that the grain was up to grade. I do not think that when a cargo went over and the buyer thought it was not up to the standard which he had expected to get, that he would bargain on the price at all: I think he would appeal on the standard. That was the point I wanted to make.

*By Hon. Mr. Stewart:*

Q. Mr. Gillespie, you suggested this morning before the committee that in your opinion it would be well to have the Standards Board set two sets of standards, one for practically all of Saskatchewan and Manitoba, and one for Alberta, and you gave us your reasons. Do you think that would cause any conflict and create a situation that would be detrimental to the grain interests and the producers in either of the provinces, or would it be entirely to their interest?—A. I think as far as Alberta is concerned—and that part of Saskatchewan which is tributary to it—it would be of wonderful benefit to the producers of Alberta if the standards were set in Alberta from their own wheat as representing that type of wheat. I can say, and I want to put it on record, that I am voicing the sentiments of the producers in Alberta, or practically all of the grain men in Edmonton—and when I say "grain men" I am including the grain dealers in the pool—because the pool men in Edmonton are in accord with that.

Q. There is another question I want to ask you. As a member of the Standards Board, do you believe that the present system of collecting the samples for the consideration of the Board is preferable to the old system or the suggested system? Perhaps it is unfair to say that, but it has been suggested here that the samples should be selected earlier, and that they should be gathered much as they were ten or twelve years ago from various points in the province in order that the Board might fix the standard at an earlier date. What I want to get from you, as a member of the Board, is do you believe that the present system of selection of the grain passing through the inspection department is preferable to the old system or the suggested new system?—A. Well, I do not know how the old system worked out.

Q. Going back to 1908 is a considerable distance, I will admit, but in 1908 local buyers were asked to forward samples from the points where wheat was produced throughout western Canada. Now, we understand from Mr. Fraser that the selection was made as soon as possible from all over the three prairie provinces and gathered for the purpose of fixing the standards.—A. It may have worked out all right at that time, Mr. Stewart, but I question if it would be possible to properly work it out now. At that time, for instance, I do not think there was any wheat handled in northern Alberta. I do not think the

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grain companies were buying anything but oats in northern Alberta, and I do not believe there was over a few million bushels raised altogether in Alberta. Regarding the date that the Board should sit—I think that was part of your question?

Q. Yes.—A. As regards the samples being there at an earlier date. If it was possible to do that it might not work out with any harm, although we might consider the 1927 crop. The grain, after the Board sat, and set the standards, was lowered very much in the next six or eight weeks. It still stood in the stooks and was rained on and snowed on, and the sun shone on it, and it sprouted.

Q. That was in 1927?—A. Yes. The result was that all complaints came about that wheat because, I presume, it was not up to the standard. If we set this standard too soon, another thing occurs, to take this crop of last year. We had considerable good grain this year, and all the good grain was grain which was not frozen, because it was ripe before the frost came, and it was all cut early, and the poorest grain was the last grain which was cut. The good grain was the first grain that was threshed and the poorest all the way down was the last part threshed. We hardly got any feed wheat the first three or four weeks, and we got a very much higher grade in the early part of the threshing, because the best grain was cut first. It happened that way this year, and I presume happens that way every year.

Q. Now, what I want to get from you is this, if I can. In your opinion, if the samples are set too early in the grain season, they will not be fair samples—or composite samples—if you will—of what is likely to happen in the crop?—A. It will not.

Q. In 1927 it was badly weathered after the Standards Board had met, and certainly the grades were reduced owing to the weather conditions. In your opinion, do the farmers suffer in consequence of having set the standards too early? They are the men I am chiefly interested in. Do they suffer in consequence of having too high a standard set for the season's crop?—A. Well, I do not know whether—

Q. May I put my question in another way? Owing to the fact that the 1927 crop was very badly weathered and deteriorated in the stook before threshing, did that create a loss to the farmers owing to the standard being a little high, on account of the earlier samples being a little high, upon which the Board made their decision?—A. That is quite a hard question to decide. It means we sent samples over to the Old Country which were not true representative samples of our grain.

Q. Of the grain which followed?—A. Yes, and when anything like that occurs it certainly is detrimental to the producers. It comes home in the long run to the producers.

*By Mr. Garland (Bow River):*

Q. And is reflected in the price?—A. Yes.

*By Mr. Donnelly:*

Q. How is it reflected in the price if they buy by the standards?

*By Mr. McMillan:*

Q. You set the standard first and then the wheat deteriorates?—A. I think there is more danger of setting a standard too soon and not getting the proper average sample of the full crop.

*By Hon. Mr. Motherwell:*

Q. May I follow up the Honourable Mr. Stewart's question in connection with adopting more than one standard? This is not a new question at all, but

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it has always been thought undesirable in the past. However, we are in a progressive age and we may require two standards. If two, we may require three, because very soon we will have a road to a port on Hudson's Bay that may require a different standard also—I don't know. What I wish to refer to is what are we aiming at in adopting a new standard? Do you think we will do better justice to the wheat going to the Pacific coast in getting the standard more like the particular type they grow? Is that it?—A. Well, we are having a great deal of dissatisfaction with our Edmonton inspection department—

Q. There is a lot of dissatisfaction all over this year.—A. — and we claim that is one reason why. We are also having considerable trouble with the Appeal Board's decisions on grain, simply because of the sample sent down to us from Winnipeg.

Q. It is a sort of movement in the direction of standards on the basis of profit?—A. Yes sir. You cannot tell from our grain whether it is better or worse, because it is of different type entirely and our grain in some instances having a better quality than the standard may have a little more of something which is not quite as good, and how will you decide?

Q. The point I wish to make is that at the present time the Pacific quotations for a given grade—say number three—are more favourable than the Atlantic quotations for the same grade?—A. Better at Vancouver than on the Atlantic? During the winter season they are.

Q. They vary?—A. Yes, they vary.

Q. So any system of new standards would have to be associated with some improved quality before you could expect to get a better price?—A. Well, that of course is one of the matters which might affect the producers of Alberta. They may have a better quality of grain there.

Q. I understood, before adjournment, your idea was to make it easier for westbound stuff to catch the grade they anticipate?—A. Yes sir.

Q. If it makes it easier to get into a higher grade, with that higher grade must go increased quality, or else you will get the corresponding price—the price will go down?—A. We are not complaining about trying to get a better standard there. We are trying to get the standard set as a type of our own grain, rather than higher milling quality.

Q. I do not think any of us in the west get exactly the type of their own grain; it is composite of the three prairie provinces, and we have been working on that basis, keeping it more of a federal character than of a provincial character. If we depart from that—and I am not arguing against it except to say there are weaknesses in the departure from it—there will be grading more on a provincial basis than a federal basis, and that is what a great many of us have been trying to avoid.—A. No, it will still be under the federal inspection department.

Q. What particular type of Alberta grain do you think is not represented in the present standard?—A. I will tell you what I think about that—I would like to tell it anyway. There have been complaints about our number three all season. The sample sent down from Winnipeg was a sample which contained a certain percentage of green wheat. The most of our grain there contained just slightly more green wheat than was in that standard sample, and at times the other qualities of our wheat were better than the standard sample, and I have yet to learn of any complaints which have come from the Old Country on account of green kernels being in our wheat. I have asked several exporters and several officials, such as those of the Grain Commission, and they have no recollection of anything like that ever having happened.

*By Hon. Mr. Stewart:*

Q. Do you think that had the effect of putting a lot of our Alberta wheat into grade four which should have gone through as grade three?—A. I want to

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say, Mr. Stewart, that I know there were millions of bushels of producers' wheat in Alberta this year graded number four according to the Grain Act, which should have been graded number three.

*By Hon. Mr. Motherwell:*

Q. I think two grievances do not correct either of them, but these gentlemen in Saskatchewan as well, wherever the drought was last May, say it interfered with the uniform germination and was immature. There is no question but what there was a lot of well-founded complaints regarding that same matter, but I do not see how establishing another standard is going to help that?—A. Well, I can tell you very easily.

Q. You will have to have Saskatchewan in it too—it is just about as prevalent there as in Alberta?—A. There is nothing to help them, if they go through Winnipeg they will have to suffer. Is it not perfectly correct that we should correct such things as happen?

Q. My understanding of it was that there was a sudden conviction that this green stuff was worse than frozen wheat. I do not know where it originated, for that was the first time I ever heard it, but the conviction went abroad that the green stuff was tough and leathery, and it was graded as if it were worse than frozen wheat, and that is the way it ran through most of the season.—A. Well, there was a good deal of wheat with that in it.

Q. That had never happened before in forty years, had it?—A. The type of wheat I am talking of was splendid wheat but with a sprinkling of small green kernels, kernels which had made a second growth and did not ripen when the other ripened.

Q. And the percentage which was in the standard sample was less than was found in the general grain?—A. Yes, you are right. There is never enough in it to interfere with the milling. But sometimes there is immature wheat which is coloured all through. We are not worrying what is done as to it.

Q. It has been supposed that the Inspection Department would not be so hard on the green wheat another year. I cannot recall such an experience before. Research Departments have to learn like other people do, and apparently erred on the side of severity,—they will not admit that themselves, but that is the general complaint, of severity on the green wheat.

Mr. FANSHER: Mr. Gillespie, that green wheat which was graded too heavily, according to your idea, and which should have been No. 5, would it not have been of great advantage if that wheat had been tested chemically and had been milled and baked so as to show its real value.—A. Well, that is a question, if it only graded No. 4 and was sold on grade, I do not see what would be the difference.

*By Mr. Garland:*

Q. I understand that the Standards Board itself has power through three of its members to call a meeting for consideration of any dissatisfaction which may occur or arise during the season?—A. I think there is something of that sort.

Q. As a result of the dissatisfaction of yourself and others in Edmonton, was any attempt made to call a Board to reconsider the grading of No. 3 or No. 4?—A. I will tell you what was done, Sir. When we first saw that sample of No. 3 we all complained among ourselves about it, and said there was not a large enough percentage of green kernels in that No. 3. But I will say that we did not have sense to go after something like that. I would say we would have saved the farmers a grade on millions of bushels of wheat this year, if we had taken the proper steps. But I will tell you what we did do, and if this is criticism of the Inspection Department, I wish to say right now that I have got the greatest liking for our Chief Inspector, and I will say that both he and Mr. Serls are two good friends of mine, and I will say that they are men of very high integrity, and I love them both.

[Mr. John Gillespie.]

Mr. GARLAND: Now crack them.

An Hon. MEMBER: We all do that.

The WITNESS: And I will say that from my experience the very best of men, Lloyd George, or Gladstone, may err in judgment at times.

The WITNESS: And our Chief Inspectors are human and are liable to make mistakes or have short-comings or weaknesses, as everybody else has. And if I criticise the Inspection Department, I do not wish to be personal. I believe that the best of our men while they do not probably invite criticism, should not resent it. I believe that these are the men who make their way in this world, as far as my experience goes.

Mr. GARLAND: Now let us have the criticism.

The WITNESS: And if I go on with a criticism of the Inspection Department, I am glad that Mr. Fraser is here, because I do not know that I could look him in the face afterwards if I criticized him behind his back.

I believe that the Inspection Department as a whole is an antiquated system that was in vogue twenty-five or thirty years ago, and if the Inspectors to-day are erring in their judgment, that they are the victims of their predecessors in office; not only Mr. Serls who preceded Mr. Fraser, but from the time of David Horne,—I think he was one of the first Inspectors. The Grain Act has hardly ever been revised since that time; and in the Grain Inspection a new Inspector follows the trail of the others, and it is like driving an automobile in a rut; you cannot get out of it. So I say the Inspection is following a system which is entirely antiquated for our present day times.

We have a great many things in the Grain Act which should be revised. I have in my pocket something which I have not had time to do more than glance over, but it is a recommendation or suggestions for improvements on the grades, which are in the Grain Act. These are suggested to the Grain Commissioners. We have had, as I was going to say, a lot of trouble in Edmonton.

*By Hon. Mr. Stewart:*

Q. Did you say that those suggestions which you have there come from the Grain Commissioners?—A. They come from the Grain Trade of Edmonton. and they are for the Grain Commissioners.

*By Hon. Mr. Motherwell:*

Q. Let us have them.

The WITNESS: I will come to them pretty soon. I was going to tell you about trouble we got into in Edmonton from errors in the Inspection Department. The first trouble arose with a standard sample of No. 4 barley which was to go up for inspection in Edmonton. We had a car that weighed forty-six pounds to the bushel, cleaned, but frozen. The Grain Act distinctly says "No. 4 Canada western barley shall include all damaged barley weighing less than 45 pounds to the bushel."

The Inspection Department graded this barley of ours No. 3. Our manager went up and inspected it and said, "Will you reinspect this car, I think it should be No. 3; it weighs 56 pounds to the bushel, and it is clean." The Inspector said "No, it has not got the bulk that my standard sample has." But our man said "It weighs 56 pounds and the Grain Act only calls for 45." The Inspector said, "It does not weigh the bulk that my standard sample has." He asked, "What does your standard sample weigh?" He said "It weighs 49 pounds." And our man said, "It cannot be possible for a standard No. 4 barley to weigh 49 pounds. The Grain Act calls for anything weighing less than 45 pounds." The result was that we wired the Chief Inspector protesting his sample, his minimum sample, the minimum of the grade for the Inspectors to go by at Edmonton,

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weighing 49 pounds to the bushel, while the Grain Act calls for anything less than 45 pounds. That was one of the troubles that we had with the Inspection Department.

*By Hon. Mr. Malcolm:*

Q. You are making the assertion that under Section 96, which sets out how the Inspection Department shall set their samples on barley, the Inspection Department set a higher standard on the barley sample than the Grain Act called for?—A. Yes, that is correct.

*By Mr. Garland (Bow River):*

Q. Will you just read the definition of No. 4 barley?

Hon. Mr. MALCOLM: It might be interesting to the Committee to read the whole four or five items under the heading of "Barley".

No. 1 Canada western barley shall be plump, bright, sound, clean and free from other grain and shall weigh not less than 48 pounds to the bushel.

No. 2 Canada western barley shall be reasonably clean and sound but not bright and plump enough to be graded as No. 1, and shall be reasonably free from other grain, and weigh not less than 48 pounds to the bushel.

No. 3 extra Canada western barley shall be in all respects the same as No. 2 barley, except in colour, weighing not less than 46 pounds to the bushel.

No. 3 Canada western barley shall be reasonably cleand and reasonably free from all other grain; shall include weather stained and slightly shrunkn but sound barley and weighing not less than 45 pounds to the bushel.

No. 4 Canada western barley shall include all damaged barley weighing less than 45 pounds to the bushel.

Now, Mr. Gillespie is claiming that the Inspector graded a sample weighing 49 pounds as feed.

*By Mr. Coote:*

Q. I would ask, Mr. Gillespie, if you appealed that?—A. No, we did not, because the Standards Board has the same sample to go by as the Inspection Board has.

Q. Under Section 31 it says:

Inspecting officers shall grade all grain in accordance with the grades defined in this Act, and samples shall be made under the direction of the chief inspector in accordance with such grades for the purpose of grading and of appeals therefrom under the provisions hereinafter contained.

Was it your understanding of that Section of the Act that the Appeal Board must be guided by those standard samples?—A. I will discuss that matter with you in a few minutes, if you will. We will have another case that touches upon that. The Grain Act is not definite on that. There is a conflict in it.

Mr. COOTE: All right, we will leave it until later.

The WITNESS: I was going to say this about that sample of barley; I just mentioned that to illustrate it. We wired Mr. Fraser, and Mr. Fraser said it was No. 4 barley all right, but that it came out of a private terminal elevator, and was not quite up to the average of the grade of that year.

[Mr. John Gillespie.]



*By Mr. Coote:*

Q. Do you mean this particular grade you had?—A. Yes, but that was not the reason it was inspected. No. 4 in the first place, because it did not comply with the standard sample Mr. Fraser had in Edmonton.

*By Hon. Mr. Motherwell:*

Q. Is it the full standards board, or a sub-committee of it that sets the standards for the coarse grain?—A. I am speaking of the Appeal Board now.

Q. You were speaking about the 49 pound Barley?—A. The Standards Board has nothing to do with coarse grains.

Q. There is a sub-committee, is there not?—A. I think they have something to do with it, but I do not think they have any powers under the Grain Act to do anything with coarse grains. I was saying that the Inspection Board, are the victims of their predecessors. I want to bear that out, from this standard of barley that they sent down, weighing forty-nine pounds. Mr. Fraser came to Edmonton, and Mr. Snow, and we discussed this sample of barley, and Mr. Fraser said "We have always been grading that kind of barley Feed Barley." They have been totally ignoring the Grain Act for years. I noticed some Pool gentlemen here who were giving evidence in this pamphlet, which I have just glanced over. One of them says he had twenty thousand bushels of splendid barley they had collected. They were revising the barley standards and he said: "We could not get a high enough standard to put this into"—I think those are his words, or something similar. There is a No. 1 Barley in the Grain Act, there is a No. 2 Barley in the Grain Act, and there is a No. 3 Extra in the Grain Act, and there is No. 3 in the Grain Act, as well as No. 4 and Feed. I will say that their No. 1 Standard Grade has never been used by the Inspection Department, that No. 2 Standard Grade has never been used by the Inspection Department, and it is very seldom that Extra No. 3 has been used. It has been totally ignored. These grain have been graded according to their own judgment, and not by the Grain Act. When speaking about this barley, I noticed some very beautiful grades. I refer to Mr. Matthews and to our friend Mr. Newman. I think they are very fine, but they have got to take into consideration the fact that there are five thousand grain men dealing with farmers, buying this barley from them, and I will defy anybody to pick out one man out of the five thousand who can define the difference between these grades they are going to put into the new act if someone does not stop them from doing it. Our Western farmers raise barley, generally speaking, of a low grade, mostly on dirty land. They clear it up.

*By Hon. Mr. Motherwell:*

Q. Are you satisfied that if the inspectors had followed the Act in setting the standards with regard to barley, it would have improved considerably the position of the barley grades, in the trade?—A. Well, they certainly did not put the barley in the classification called for in the Grain Act. That is quite evident.

Q. Probably it was excluded from one to three by being frozen or for some other reason?—A. Here we have an explanation from a gentleman of the Pool, showing that he had twenty thousand bushels that he could not get graded high enough.

Q. The Act says it shall not be graded upon the basis of the weight alone, that the grade shall not be established upon the basis of weight alone. Your barley was way above the standard weight, then for the top grade, but was there something else wrong with it that excluded it from the top three grades; was it all frozen?—A. I am not complaining very seriously of that. I know that they

[Mr. John Gillespie.]

have been grading that kind of barley as Feed Barley. If they put that class of barley into Feed Barley, I am not saying that they should not. Mr. Fraser admitted that.

Q. You will remember some years ago the Hon. Mr. Oliver brought up the same question with regard to Alberta. They weighed it, and it was so plump that it was decided to put in a grade Feed Extra. It was recognized as Feed Extra, and it has been there ever since?—A. Yes.

Q. Is this not pretty much like that, an exceedingly heavy barley, but disqualified?—A. Why do you not take it out of the Grain Act then? It distinctly says, all damaged barley weighing under forty-five pounds shall be graded No. 4.

*By Mr. McMillan:*

Q. You contend that that barley should be graded higher?—A. We said it should be graded higher. It was graded as Feed.

*By Mr. Brown:*

Q. Why did it not grade higher?—A. Because the Inspection Department has not been complying with the Grain Act.

Q. Did you offer any protest?—A. Mr. Fraser said the original inspector said it did not weigh enough, in other words, that it did not have the body my standard sample had.

*By Mr. Garland (Bow River):*

Q. Let us get back to the question asked a moment ago? If the Inspection Department had acted strictly according to the terms of the Act as to the grading of the barley, would it improve the condition of the producers of the barley and facilitate the handling of the barley?—A. I think probably it would have that tendency.

*By Hon. Mr. Malcolm:*

Q. Let us get that point clear. The absurdity I see in this argument is that No. 4 has to weigh less than forty-five pounds according to the Act. If the Inspection Department limited it to barley weighing less than forty-five pounds in No. 4, you might explain whether the Act is proper. Could your barley have been graded anything else than Feed, under this Act? You have to be very careful in studying the sections. They state that Canadian barley shall be plump, clean, and so forth, and weigh not less than forty-eight pounds per bushel for No. 1, forty-eight pounds for No. 2; No. 3 Extra—forty-six pounds. For No. 3 it gives a weight of forty-five pounds per bushel, with certain qualifications, then for No. 4, it says distinctly that No. 4 must weigh less than forty-five pounds to the bushel.

WITNESS: The Act is altogether inadequate.

*By Hon. Mr. Malcolm:*

Q. The Act is inadequate, but the Act simply says this, that No. 4 Canadian Western Barley shall include all damaged barley weighing less than forty-five pounds to the bushel.

Hon. Mr. MOTHERWELL: The difficulty is due to this heavy grain in Alberta. Joking aside, it had to be done with regard to oats. I might draw the Committee's attention to Section 104 of the Grain Act which says:

In the inspection of grain the weight shall not alone determine the grade.

I can imagine half a dozen things debarring this from One, Two and Three.

[Mr. John Gillespie.]

The WITNESS: I referred particularly to the fact that heavy barley might not be put into that grade, because there might be seeds and wild oats in it. I think that is what that covers. I was going to say that we had trouble in our Appeal Board. Referring again to the sample sent from Winnipeg to Edmonton, the Appeal Board met and had the same sample of wheat as the Inspection Department had. The conflict arose in this way—I will explain it in detail if you have time to listen to me, so that you can grasp the situation quicker than in another way. The Manager of our Grain Company, is on the Appeal Board, and he was summoned to appear on the Appeal Board one morning with several samples. The Chairman of the Appeal Board is always Chairman of Appeals, and there are two other members of the Appeal Board and myself that look these samples over that are sent in for appeal, to give their decision as to what the grade is. The sample No. 3 came up before them, to set a grade on.

*By Mr. Garland (Bow River):*

Q. No. 3 Barley?—A. No. 3 Wheat. Our Manager said, "I think it should go No. 3 all right." The Chairman of the Board said, "No, I think it is only No. 4." The other member of the Board agreed with the Chairman that it was only Four Wheat. Our Manager said, "I do not see anything wrong with that wheat. It complies with the definition of No. 3 Wheat as stated in the Grain Act." To make a long story short, the Chairman said, "Mr. Settle, it is not as good as the standard sample that we have here to go by as the minimum of that sample of that grade." Mr. Settle said, "I disagree with you, I think it is fully as good." But, he said, "supposing I admit it is not as good, and I will do so for argument sake, as the standard sample, I still maintain that that sample complies with the Grain Act." Mr. Manahan says, "it is not as good as this standard sample here, so that we cannot let it go through as No. 3." Mr. Manahan said, "there is your Grain Act." Mr. Settle said, "Mr. Manahan, that may be your Grain Act, but it is not the Grain Act as I understand the Grain Act." You can turn up the Grain Act and you will find where Mr. Settle is completely and entirely right, in one paragraph, and it is probably minimized later on. I do not know that I can find it.

*By Hon. Mr. Malcolm:*

Q. Section 94. You say that Mr. Settle of your company, who was a member of the Appeal Board, was appealing against a car of grain in which his company was interested, or was sitting as a judge on an appeal on a car of grain, in which he was interested?—A. He was not interested.

Q. Well, then, the definition of No. 3 spring wheat, in the Act says:

No. 3 spring wheat shall comprise all sound wheat not good enough to be graded as No. 2, weighing not less than 56 pounds to the bushel.

You contend that the sample on which he was appealing complied with the Act?—A. Yes, that is what Mr. Settle said.

Q. He admitted that it did not comply with the sample?—A. He admitted, for argument sake at least.

Q. That it did not comply with the sample?—A. Yes.

Q. Which brings us to the conclusion that the sample was not in conformity with the Act?—A. Well, I do not think that the sample should have been there to go by as a minimum of that grade.

Q. But, Mr. Gillespie, you must admit this fact, surely, that the Grain Act sets out certain regulations which shall govern in respect of these 1's, 2's and 3's, and whenever the samples have been made by the Inspection Department, or by the Standards Board they are used always as the basis of judging wheat. I

[Mr. John Gillespie.]



cannot see anything to it except your opinion that the Inspection Department set a sample which was not in conformity with the interpretation of the Act?—A. What we maintain is—

Q. May I follow this question?—A. We maintain—that is, the Standards Board—that this sample is a type sample, and not a minimum of the grade.

*By Mr. Coote:*

Q. You mean the Appeal Board?—A. Yes.

*By Mr. Garland (Bow River):*

Q. What is a type sample?—A. Just an average sample of the grade to go by.

Q. It is not the standard sample?—A. It is the standard sample sent as a type to go by.

Q. It is the official standard sample?—A. There is nothing in the Grain Act to say that that sample is a minimum?

*By Hon. Mr. Malcolm:*

Q. After all, does it not come down to this, that the Inspection Department set a type sample, or a standard sample, which ever you choose to call it. In their opinion, they were setting the sample under the interpretation given by the Act. The Appeal Board insisted on the grain grading up to the sample set up in that way, and you insisted on a strict interpretation of the Grain Act?—A. Yes.

Q. The Committee has got to decide, whether the Appeal Board should consider the sample as set up, or should they make a strict interpretation of the Act?—A. Yes; that is where the question comes in.

Q. And Section 31 says, and I think they are to take the interpretation as set by the Board of Standards—

MR. BROWN: Is it not a difference of opinion as to whether the samples in the particular grade, under the Grain Act, are in harmony?

*By Mr. Ross (Moose Jaw):*

Q. The point your man is making is that the standard sample, as sent to him by the Inspection Department was above the minimum of the grade, as set out in the Grain Act?

MR. COOTE: The question, I think, arose whether the Appeal Board should be given the right to grade this grain according to their interpretation of the definition, or whether they must be bound by the official sample that was sent out by the inspectors.

*By Mr. Coote:*

Q. What policy should be followed in your opinion?

MR. ROSS, (*Moose Jaw*):—In Mr. Gillespie's answers this morning he said that if they were sent to the Old Country above the standard which is the minimum of the grade as set out in the Grain Act, we would not be paid for it, and now his evidence is that the Inspection Department sent a sample which was above the minimum of the grade to grade our grain by.

THE WITNESS: Mr. Settle's contention was based on Section 40, Chapter 33, page 10, and sub-section No. 5, which says:

"In the inspection of all grain—"

This is under the heading of "Grain Standards Board."

*By Hon. Mr. Motherwell:*

Q. What Section is that?—A. Sub-section 5 of Section 40:

[Mr. John Gillespie.]

In the inspection of all grain other than that subject to be graded as commercial grade, the inspectors shall be governed by the grades established by this Act.

*By Mr. Coote:*

Q. In your opinion, they are conflicting?—A. We argued this question out before the Board of Grain Commissioners, at least part of it, and Mr. Manahan, the Chairman of the Appeal Board was there, and Mr. Fraser, I think, was also there. Mr. Snow took the stand that it was the duty of the Chairman of the Appeal Board not to go by that sample if he thought it was not the proper sample. He said, "Mr. Chairman of the Appeal Board, you are not under Mr. Fraser. The Appeal Board is above all Inspection Departments. The Appeal Board and you are acting under the instructions, and under the authority of the Grain Commissioners of Canada." That is what happened.

Q. What did the Appeal Board do with this particular sample?—A. Mr. Settle resigned from the Board. When they were distributing the samples at the time, Mr. Manahan said, or rather Mr. Settle said, "That is not my Grain Act, it may be your Grain Act." Well, Mr. Manahan said, if that is the stand you take Mr. Settle, you should not be on this Board. So Mr. Settle wrote a letter to the Grain Commissioners resigning and telling them the reason why he was resigning. That is one matter, when this Grain Act is revised, that should be straightened out. And there are a good many more along the same lines.

Q. Have you any others in mind that you would like to suggest to us that should be straightened out?—A. The Commissioners, and Mr. Fraser, just recently sat at Edmonton in connection with the troubles we were having there, and, of course, as is usually the case, most all the grain men from Edmonton were there. They discussed all their troubles back and forth. I was not at the meeting, and I do not know if there was very much criticism at that meeting, but I was told what happened. The general criticism that has been raised in Edmonton has been caused through dissatisfaction with our Chief Inspector at Edmonton. We have informed the federal Chief Inspector at different times, that we would like to have this inspector changed. The first time we demanded it, they changed his deputy, one of his own men, and they said that he was making the most mistakes. But I was aware that that would not eliminate the trouble we were having there. I am not criticizing the judgment of our inspector in Edmonton. I think he is a good inspector. I believe that Mr. Fraser sent him there because he was a good inspector. But I understand that he was not the senior on the staff when he was sent there. I believe that the very best man, a man not only with experience and a good inspector, but a man with excessive ability, should be sent there with deputies under him. But he did not have that ability, and I do not think he has it to-day, and never will have it. The Turgeon Royal Commission, which brought in a report, recommended that these men be changed from time to time, that it was impossible for a man isolated from the main inspection department for three hundred days a year to grade that grain alike without rubbing up against his fellows in a larger community where there was a great deal of grain being inspected, and keeping in touch in that way. He has never been changed. If he were sent away for two weeks at a time, at different periods. I think there would be an improvement.

*By Mr. Millar:*

Q. Do you suggest that he should be sent to another inspection point?—

A. Yes, in Winnipeg.

[Mr. John Gillespie.]

*By Mr. Coote:*

Q. Would it not be a good idea if he went down to Fort William for a couple of weeks and inspected the cargoes before he came back?—A. That is a question that should be threshed out and straightened out when the new Act you are trying to put through is brought in, first, as to whether this sample is going to be a minimum sample or an average sample, and where those samples are sent to inspectors to go by that should be finally stated in the Grain Act.

*By Hon. Mr. Malcolm:*

Q. Section 40, clause 4, of the Grain Act reads:—

The Chief Inspector shall distribute portions of all standard samples so chosen to such persons as the Board directs and in the inspection of grain of marked characteristics as aforesaid inspecting officers shall be governed by the samples so chosen.

How are you going to argue that under section 40 the inspector could have done anything else in the particular case to which you have referred?—A. I think they should consider subsection 5 instead of that section 4—

Q. You think the clauses are in contradiction?—A. Yes, there is a contradiction, to a certain extent.

Q. Now section 5 follows: it reads:—

In the inspection of all grain other than that subject to be graded as commercial grade, the inspectors shall be governed by the grades established by this Act.

Now, I want you to keep this clearly in your mind that the Inspection Department set a sample for feed barley, but feed barley is not mentioned in the Act at all?—A. No.

Q. So that the only place where you could have had the right to follow the Act, to where it describes a grade. Section 4 of section 40, reads:—

The Chief Inspector shall distribute portions of all standard samples so chosen to such persons as the Board directs and in the inspection of grain of marked characteristics as aforesaid inspecting officers shall be governed by the samples so chosen.

I can see where subsection five applies to numbers one, two and three, but I cannot see where it applies to feed barley.—A. I am not referring to this at all in connection with the barley.

Q. Just in connection with the wheat?—A. Yes, in connection with that sample of number three which was disputed.

*By Mr. Millar:*

Q. You gave the Honourable Mr. Malcolm an answer in regard to those two hundred and fifty or three hundred bags selected by the inspector to be used as the basis for the Grain Standards Board to make a standard. Mr. Malcolm asked the question if you knew of cases in which the decision of the inspector had been reversed, that is, they would take some of those bags and put them into a different grade?—A. No, they did not do that. I think what they did do was to probably choose a sack out of the number five grade and mix it with number four, to reduce the quality of it somewhat. I am not sure, but my recollection is that it probably was taken from a sack of number five. It was a very low graded sack anyway.

Q. Does that occur frequently or was that just an isolated case, in your experience?—A. That is the only time that I remember of it being done, but I have only been a member of the Standards Board for two years.

The witness retired.

The committee adjourned until April 17th, at 11 a.m.



## HOUSE OF COMMONS.

WEDNESDAY, April 17, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: When we adjourned yesterday, Mr. Gillespie was going to give us some suggestions about the amendments of the Act.

Mr GILLESPIE recalled:

THE WITNESS: It was from the recommendations that the grain trade had made to the Board of Grain Commissioners. I want to explain how that came about. This is a copy of the letter and the recommendations as they were sent to the Commissioners. It was asked by the Commissioners when they were sitting in Edmonton with Mr. Fraser, some few weeks ago, that the Edmonton grain trade make out recommendations and forward them to the Commissioners. And when I was in Winnipeg and was summoned to come down here, I wired Edmonton to send me a copy of those recommendations, thinking that possibly we would get them before this Committee more quickly than through the Commissioners, some of whom are sick.

I brought along these recommendations to the Grain Commissioners, of changes suggested in the Grain Act, about grades and other things.

When I found out I was coming down here I was in Winnipeg when summoned, and I wired Edmonton to send me a copy of the recommendations that went to the Commissioners, so that I might probably bring the recommendations before your body when it was sitting, as probably it would not come here in any other way, because the Commissioners, I understand, are spread out considerably and some of them are sick; and I thought it would be a good idea if I brought the recommendations along with me.

*By the Chairman:*

Q. These recommendations had been sent to the Board of Grain Commissioners?—A. Yes, they had been sent to the Board of Grain Commissioners, I would like this Board to understand the reasons why I am bringing them before you today. There is not very much in these recommendations, and I will read this paper all over to you, first, if you like, and then we can take it up bit by bit.

The WITNESS: This is addressed to the Board of Grain Commissioners, Fort William:

As suggested by Mr. Snow on his recent visit to Edmonton, a meeting of the members of the Grain Trade was held last night, at which the definition of various grades as given in the Grain Act were discussed. Mr. R. H. Settle was appointed Chairman, and Sam D. Niven acted as Secretary.

The following recommendations were made:—

One northern as per act "shall contain 60 per cent hard red vitreous kernels, and 2 northern shall contain 45 per cent." Then the remaining percentage of wheat other than hard red vitreous kernels should be more clearly defined; further,

One northern is described as being well matured and well cleaned. Two northern in first paragraph of definition is described as being reasonably sound and reasonably clean and in second paragraph is mentioned as being sound and reasonably clean, and three shall be reasonably sound and reasonably clean.

Recommended that one, two and three northern be all defined in the same manner, stating percentages as near as possible as to maturity

[Mr. John Gillespie.]

and soundness, and that instead of reasonably clean, being used that the Board have the Inspection Department furnish the percentages of foreign matter, such as rye, barley, etc., allowed in each grade, and have those percentages incorporated in the definitions.

*Oats.*—It was recommended that the definition of 2 and 3 C.W. oats remain about as at present, but that instead of degrading for seeds and other grains that dockage be assessed for seeds above 2 per cent in 2 C.W. and above 3 per cent in 3 C.W. and made C.C. for all separable grains above 2 per cent in 2 C.W. and above 2 to 3 per cent in 3 C.W. oats. That the percentage allowed in each grade of such other grains as cannot be removed, be specified in the definitions.

*Barley.*—Under present conditions we consider that the definition of number one C.W. barley as given in the act should be used to describe Extra Three C.W. barley and that the definition of No. 2 C.W. barley, as now given in the act should cover 3 C.W. barley except weight which should be forty-five pounds (45), and 1 C.W. and 2 C.W. grades to be abolished.

We, however, understand that special attention is being given to the barley grades by the Board with the view of establishing malting grades in which case we would prefer to know what those grades are before making a definite recommendation.

We think 4 C.W. barley ought to be described "shall carry badly stained, frosted or otherwise damaged barley, may contain not more than five per cent of other grains including wild oats and shall weigh not less than 42 pounds to the bushel, also barley otherwise grading 3 C.W. but containing from 3 to 5 per cent of wild oats would grade as 4 C.W. barley and take dockage for all buckwheat and seeds".

Recommended that the samples furnished by the Chief Inspector covering statutory grades are to be regarded by the Inspection Officers as type samples and guides only and not as absolute minimums of the grade.

Recommended that all bulletins issued by the Chief Inspector covering grades of grain be approved by the Board of Grain Commissioners, and that copies of those bulletins be furnished to the Licensed Grain Trade.

Recommended that all members appointed to the Appeal Board be furnished with details of their duties and routine of appeals.

We would again recommend that a travelling inspector with authority be appointed to visit at frequent regular intervals all inspection points with a view of maintaining more uniformity of grading.

We have, therefore, pleasure in sending you the foregoing suggestions and recommendations.

Yours very truly,

EDMONTON GRAIN TRADE COMMITTEE.

*By Mr. Garland:*

Q. Are you in a position to explain the reasons for the recommendations?—  
A. Well, I think some of them have been explained already.

Q Mr. Chairman, it is suggested that with the exception of those which have been already explained, such as barley, Mr. Gillespie should take them up one by one and explain them, unless it is for obvious reasons that the trade recommends the change. I do not wish to unduly prolong this, but unless the Committee knows the reasons, it will find it difficult to discuss the matter.

[Mr. John Gillespie.]

*By Mr. Brown:*

Q. I think it might not be out of order for Mr. Gillespie to briefly point out the reasons for the suggested changes; but at the same time it will not be possible for the Committee to discuss them until we have the report before us.

The WITNESS: I will go over them briefly and point out some of the reasons that I know of.

As to the suggestion in regard to No. 1 Northern, I do not know what the Grain Act is at the present moment. Do you know the percentage, Mr. Fraser?

Mr. FRASER: It is the same thing.

Mr. GILLESPIE: And the No. 2 Northern is probably the same too. Then they think that the remaining percentage of wheat shall be more nearly defined. I was not at the meeting when this discussion was taking place.

*By Mr. Brown:*

Q. Is there a definition given?—A. As far as I remember, there is no definition given of the balance of the grain outside of the sixty per cent. And it may be better described as to what that should be. It may contain damaged kernels, or it may be bleached kernels. I think that is very necessary that that should be more clearly defined.

*By Mr. Garland:*

Q. It cannot be damaged kernels, because the Act says it must be perfectly free of damaged kernels.—A. That is, they may put it in the Act that it may contain other kinds of wheat, a certain percentage of soft wheat, probably.

Then the second paragraph is just simply to correct, I think, the definition of No. 2, because it says in one place that No. 2 Northern is defined in the first paragraph as being reasonably sound and reasonably clean, and in the second paragraph as being sound and reasonably clean. I think it is simply that these two paragraphs should be made the same.

Q. Does not the second part of that paragraph refer to an entirely different matter? In the first part it says it shall be reasonably sound and reasonably clean; and in the second part, the soft varieties shall be sound and reasonably clean.—A. Anyway, this is the recommendation to be discussed. Then the next recommendation is that 1, 2, and 3 Northern be defined in some manner, setting percentages as nearly as possible as to maturity and soundness. In that, instead of "reasonably clean" being used, that the Board have the Inspection Department furnish the actual percentages of foreign matter, such as rye, barley, etc., allowed in each grade, and have those percentages incorporated in the definitions. I think that is very necessary. The grain buyer, who is the man who should be first considered, because he is the first man who has to use this Act, as he is the man who buys the grain from the farmer and handles the grain from the farmer, has no way of knowing what definition the Inspector might put on as being reasonably clean. And there is no reason whatsoever why the percentage should not be put in there. The Inspection Department should furnish what they think is the proper percentage to allow in those grades, and not allow it to remain on as "Reasonably clean." Then we would have a definite mechanical test by which we can find out whether that grain is up to the percentages that the Inspection Department sets. At the present time we have none; it is all guess work.

*By Mr. Coote:*

Q. You think it is too loose at the present time, and you want to have more definite language?—A. Yes, absolutely.

*By Mr. Brown:*

Q. When it says "Reasonably clean" does that refer to something which may be removed by cleaning?

[Mr. John Gillespie.]



Mr. COOTE: Nobody knows what it means.

The WITNESS: They also say here that they shall furnish the percentage of foreign matter, such as rye, barley, etc., beside being reasonably clean from seeds.

As to oats, it is recommended that the 2 and 3 C. W. oats remain about as at present, and that instead of degrading for seeds and other grain, the dockage be substituted.

I think I had better stop right there, as I want to explain that. That is a very important thing. At the present time 2 C. W. oats that contain 5 per cent seeds has been degraded to 1 Feed; but if it contains 7 per cent of seeds it is made what we call CC, I think; that is that they will get the grade of 2 C. W. and take the dockage and have to be cleaned and docked that amount. If I am not correct, Mr. Fraser can correct me. I do not know that that is embodied in the Act, but it is the rules and regulations which have been sent out which are not included in the Act, by the Grain Inspection Department. I want to tell you how that has acted this year, and it has probably hardly ever happened before, but it is likely to happen any time again. We had oats come into Edmonton, beautiful 2 C. W. oats that contained I think, over 3 per cent, but I am not sure about that right now, but say 5 per cent of seeds, although I think the definition is 3 per cent, but I will say it is 5 per cent; and if it contains 5 per cent of seeds it shall be degraded to No. 1 Feed. The result of that has been this year that we have got in a good many cars of fine 2 C. W. oats which contained that quantity of seeds and they were graded No. 1 Feed. And the spread this year, as some of you probably know, between 2 C. W.'s and No. 1 Feed was 20 cents a bushel. I do not know that that has ever happened before, but there was a scarcity of 2 C.W.'s this year and that is why 2 C. W. was high.

*By Mr. Brown:*

Q. These oats of which you speak if cleaned would make 2 C. W.'s?—  
A. There is no question or doubt: and they were cleaned and made good seed, a great many of them. We benefited by that Act, in the grain trade; but I am here to say that the grain trade is not looking for such spreads as that at all. It is quite reasonable and proper that oats should carry dockage for seeds, in whatever quantity may be in them, and it is recommended that they should be de-graded. Splendid oats which would be 2 C. W. should not be degraded any more than other grain because they contain seeds which are easily separable; and that is the reason that the grain dealers have recommended that this should be done.

*By Mr. Gardiner:*

Q. This year, I understand good feed oats were scarce in Western Canada?—  
A. There was a time when it was thought they were scarce.

Q. And I presume that 2 C. W. oats could be sold for good seed oats, if they were cleaned?—A. That is the reason they were so high.

Q. In this case, containing seeds, would they for instance be wild oats, and the oats be degraded for that reason?—A. No, I say seeds. You cannot separate wild oats from tame oats. That was the outstanding special difference that should be attended to in the new Grain Act. There is nothing said here about percentages and wild oats; that, of course, could be arranged with the Inspector when the time comes. I think there are some regulations in the Act, at the present time, for foreign grains, such as wild oats, etc.; but the matter has not been taken up with them anyway, and I think it is probably alright in the Act as far as that is concerned.

Then this recommendation goes on further to say, probably just as I have been describing, that the dockage be assessed for seeds for above 2 per cent, and so on, and made CC for all separable grains above 2 per cent in 2 C. W.; and

above 2 to 3 per cent in 3 C.W. That is that all grains that can be separated from oats, for instance if you get in a car of oats with ten or 15 per cent of wheat in it, that is considered separable, and I believe that is the only grain that is separable, from oats with the present day machinery. And then that the percentage allowed in each grade of such other grain as cannot be removed, such as barley, or wild oats, probably—

*By Hon. Mr. Malcolm:*

Q. It might be very helpful, as Mr. Gillespie is saying certain things about the grades, to have the Chief Inspector tell us, as the only one who can, why the grades are as they are, if the Committee would admit of it being done. After Mr. Gillespie has explained complaints made against the grading of oats, the Chief Inspector could answer each complaint, so that we would have the explanation as we go along. Otherwise we will not remember everything that Mr. Gillespie says on any particular point and we will forget to ask the Chief Inspector as to some of these complaints or suggestions.

The WITNESS: I think it would be very satisfactory if Mr. Fraser would speak right after I mention a point, so that the Committee might have the explanation to be made of it.

I think there is a regulation, but it is not embodied in the Grain Act, that if a person is shipping a car of 2 C.W. oats which contains seeds he can, by asking the Inspector have that changed to 2 C.W. and dockage made for the seeds. But that should be in the Grain Act. Most people do not know these things.

*By Mr. Brown:*

Q. You mean that it is at the option of the seller to have that changed?—A. He has the option, but a great many of the grain men do not know that.

*By Mr. MacMillan:*

Q. Who has the keeping of the regulations of which you speak?—A. The Inspection Department has those regulations.

Q. And are those regulations not open to everyone?—A. They are not sent broadcast over the country, no. They are for the benefit of the inspectors, and if the grain men find out about them they have to look out for themselves and find them.

Q. There is surely no good reason why they should not be public property?—A. No, but it is one of those matters which have been let run along, and to which not much attention has been paid. Now we come to barley, and as I read that over, it is No. 3 C.W. Barley, but the definition of No. 1 C.W. Barley as given in the Act should be used to describe Extra 3 C.W. Barley. There is very little Extra 3 C.W. Barley to-day; there is some, but not much of it grades Extra 3 C.W., in my opinion.

*By Mr. Garland:*

Q. Do you mean that there is no actual No. 3 C.W., or that the Act prevents it being Three C.W.?—A. I think there is some, but most of it goes into the No. 3 C.W. class, but anything that is extra should go into Extra 3 C.W. There is really no accumulation at any time of that Extra 3 C.W.; there might be a car going to a malting firm, or something like that, grading Extra No. 3.

*By Mr. Lucas:*

Q. Is there any No. 1?—A. I do not think there has been any de-graded No. 1.

Q. Why is it included in the grade in that way?—A. It seems that in the early days the Inspection Department started to grade most barley No. 3, instead of No. 1; that is the way I figure it out. That has been followed down from one inspection period to another.

[Mr. John Gillespie.]

*By Mr. MacMillan:*

Q. Was it to meet the trade?—A. I do not know why. There is no such thing now as No. 1 C.W. Barley. It may have been done to meet the grades across the line.

*By Mr. Bancroft:*

Q. Is barley much of a factor in the grain business in Alberta?—A. Yes; there is quite a large amount of barley.

The CHAIRMAN: The Committee will remember that we have dealt with the question of barley at one of our former meetings, and we have suggested changes in the grades given to us by the National Barley Committee.

The WITNESS: I believe that this barley, our best barley, or practically our best barley outside of our specially good stuff, has been put in No. 3 C.W. grade to define it as nearly as possible to grades being shipped from the United States, to conform along about the same lines as the others there, now that it is being shipped, and I believe to-day that it would probably be a mistake to raise that grade up to No. 1.

*By Mr. MacMillan:*

Q. It would confuse the general market?—A. Yes. They say here that special attention is being given to the barley trade by the Board, with a view to establishing malting grades as represented in your meeting here the other day, or sometime lately, in which case they say they would prefer to know what the grades are before making a definite recommendation; but I would suggest that if they want to put in two new malting grades of barley of some special quality like O.A.C. or Canadian Crop, they probably could be put in specially by themselves as either No. 1 or No. 2, new malting grades or some special O.A.C. or Canadian Crop, and become separated from these other grades. I am only suggesting that that might be done. I am suggesting that it would be a mistake to take the No. 3 Barley out of the present standards now that we have incorporated them into the standards, and make it conform to other countries' standards.

Q. Notwithstanding anything that has been said about this Extra 3 C.W. weighing forty-six pounds, you have barley in your part of the country where it weighs more than that?—A. Yes, a lot more than that. That is just a minimum put on. It must weigh that much. Now it describes No. 4 C.W. Barley, and that No. 4 C.W. Barley is a grade that there has been quite a little contention about recently. It says they think it should be described as "Shall carry badly stained, frosted or otherwise damaged Barley." At the present time you know how it is described in the Act. It simply says in the Act at the present time that No. 4 Barley shall be "damaged barley weighing less than forty-five pounds."

*By Mr. Garland (Bow River):*

Q. May I make a suggestion at this stage? It is going to be a very difficult matter for this Committee to get anywhere in this matter.—A. I am about through.

Q. I have no objection to you going on, but I would like to ask you if you do not think the most intelligent way of dealing with this matter would be to have the Standards Board immediately assembled and to have that Board go through the grades and draw up specific recommendations, with their reasons, and submit them to this Committee? The Standards Board has been organized a number of years; it knows as much as anybody else, and it could make recommendations and consider the Act just as rapidly as this Committee can?—A. I perfectly understand that it would not be possible for this Committee to set

[Mr. John Gillespie.]



those grades, but I think they should know about what these things are and how these things have been arrived at, and how indefinitely they are described at the present time, as well as how necessary it is that a body of good grain men together with the Inspection Department and the Board of Grain Commissioners should sit together on this thing, go over it carefully, and bring out proper standards.

Q. The difficulty is that you are speaking as a representative of two separate organizations at the present time; you have been giving evidence as a member of the Standards Board, and then as a member of a Committee of the grain trade. I think it would be better if the trade itself would refer its recommendations to the Standards Board, and have a complete discussion of the whole matter?—A. It is a very important matter. The majority of the Standards Board are not professional grain men. I think it requires men with a great deal more experience than most of these men have had. I certainly suggest that the Grain Commissioners and the best grain men you can find in the country should get together, along with the Grain Standards Board. I have no objection whatsoever to certain of the producers being on that Board; I mean that there should not be a majority of men there who have not had a long experience and who do not know what they are talking about.

Q. In your opinion then the Standards Board are not capable?—A. The Standards Board only meet once a year.

Q. The Standards Board in your opinion is not capable of undertaking the adjustment of the Act that you consider necessary?—A. I think they are not the proper Board to do it, I will not say anything about their capabilities.

Q. Is it because they do not know anything about it?—A. Yes; that is the reason I am saying this, not because I do not want them to do it. I am saying it would be best for them and for all the producers that these standards should be set by men who know their business absolutely, who have had a long experience, and who have been up against it and have had to fight against the difficulties and defects that have been in the Grain Act for years, and they are not aware of all these things—at least a good many of them. But that is a matter for whoever wishes. I say that the No. 4 C.W. barley is very much better described here than it was in the old Act. There was no description given at all in the old Act, it was simply described as “that it should be barley weighing over forty-five pounds, and damaged barley under forty-five pounds”. They say here:—

We think 4 C.W. barley ought to be described “Shall carry badly stained, frosted, or otherwise damaged barley, may contain not more than five per cent of other grains”—

There is a definite standard.

—including wild oats and shall weigh not less than forty-two pounds to the bushel, also barley otherwise grading 3 C.W. but containing from three to five per cent of wild oats would grade as 4 C.W. barley and take dockage for all buckwheat and seeds.

That is a matter for the Board to go into more minutely, and if they determine that they should allow more than “Three C.W. but containing from three to five per cent of wild oats, would grade as Four C.W. Barley.” I do not exactly agree with that myself; I think there should be a certain amount of wild oats left in No. 3 C.W. Barley; in fact I do not know but what it should be graded Three C.W. Barley where there is five, six or eight per cent of wild oats in it, because there is machinery nowadays that can take these wild oats out. They have a perfect machine, which will separate those two grades.

It is not many years ago since No. 1 wheat was graded “rejected” because it would have ten per cent of wild oats in it, or a certain percentage

of wild oats in it, but from the moment the machine came out which would separate these wild oats absolutely clean, the Inspection Department immediately put that wheat in its proper grade and proper dockage for wild oats. That was a great saving to the farmers. They were wise in adopting it as soon as they could.

*By Mr. Miller:*

Q. What is your comment as to the definition "it shall contain" where it goes on to set out several kinds of damage?—A. It says it shall weigh more than forty-two pounds; anything less than that shall grade as feed;

but containing from three to five per cent of wild oats would grade as Four C.W.

*By Mr. Brown:*

Q. Read what is ahead of that.—A. "We think Four C.W. Barley ought to be described—"

Q. That should read, first giving weight, and then it may contain damaged grain. It does not say it shall contain damaged grain. It says "may".—A. If it does not contain that, it may grade No. 3.

Q. "May contain".—A. "May" might be all right there. That is about all I think that is important. There are several other recommendations here. Do you wish me to go over them?

*By the Chairman:*

Q. Did you read them before?—A. Yes.

Q. What are they about?

Hon. Mr. MOTHERWELL: Let them go into the record.

The CHAIRMAN: They will be in the record.

WITNESS: Just as you think best. I can go over these three recommendations in a few minutes, if you wish me to do so. I think they are very important recommendations. I think most of them have been threshed out before.

*By the Chairman:*

Q. Go ahead, Mr. Gillespie.—A. The next is:—

Recommended that the samples furnished by the Chief Inspector covering statutory grades are to be regarded by the Inspection Officers as type samples and guides only and not as absolute minimums of the grade.

That is a very important change that is going to be made, if it is adopted. It is more important than anybody here can guess.

*By Mr. Brown:*

Q. That is, along the point of the controversy which you brought up?—A. Yes. It will mean this, if you have time to listen to me; it will require considerable explanation as to the benefits which will be derived from this. I will have to go back a little, to the samples we are sending all over the world, to the sample which is the lowest possible sample of each and every one of our grades. We are sending that sample to every corner of the world where they are handling grain, as I understand it. It is the lowest possible sample we can get into that grade, that we send abroad. Now, it is a matter of psychology, whether that is the proper thing to do or not. That does not come up in this argument here. Whether we should do that or not is another matter, and a matter which should be given considerable study by this Committee, as to whether it is the proper psychological thing to do or not.

[Mr. John Gillespie.]

When we send the lowest part of the grade, of each individual sample, to each of these foreign countries, and we are giving them the very lowest standard of our grain to put the price on and buy that grain, and if that same sample is sent around to all the inspection departments in Canada, which it is, as the minimum of the lowest grade that a man can give on that grade of wheat, he must not put a lower grade than there is on that sample sent out to all inspection offices in the inspection divisions. At the same time we are sending it to foreign countries as a sample to buy this grain on and they buy this grain by thousands of cars on that sample, and we agree to keep that grain up to that sample. Now then, what happens? We send that sample out to the inspection department and say, "You shall not exceed the quality of that on any grade you take in", that that is the lowest standard, and what is the result? The result is this, as I see it, although there may be differences of opinion about it; we are collecting the grain on that sample, the inspectors are grading all these cars to that sample. But thousands and thousands of cars of these certain grades are better grain than that minimum sample.

*By Mr. McMillan:*

Q. Your contention is that by doing that the proper price will not go back to the producer?—A. You are getting to the point. Here is where the situation comes in. We are getting thousands of cars of grain from the farmers that are above that minimum sample, and I will say and I am going on record as saying, that I have yet to see a car that is not above that standard sample, except where there has probably been an error in the inspection department, in their judgment, where they have probably graded a car down, which they will do sometimes; but as a matter of fact they are under-grading a dozen cars to one that they will over grade.

The Hon. Mr. MOTHERWELL: Hear! Hear!

WITNESS: That is the sentiment in the inspection department. It is a black eye to the inspector. I do not say it is exactly a black eye, but he feels that he has had a knock if any of his cars are lowered in grade. But he can under grade a thousand cars, and there will never be a word of criticism given to him. That is one of the things I think this inspection department lacks. If the inspection department were fair to the producers of this country, there would be as many samples to be de-graded as there is to be raised. If the inspectors did not have that sentiment in their minds, that they must not de-grade that stuff, if they did not have that in their minds, they would make mistakes both ways, they would have a lot of grain that was under the standard; but today there is hardly ever a car that is asked to be inspected, lowered; there is one once in a while.

*By Mr. Bancroft:*

Q. Who would ask to have it lowered?—A. The millers, the grain men and the elevator companies have the same privilege, to ask to have a car lowered as they have to ask the inspector to have it raised. They should have the same privilege.

*By Mr. Coote:*

Q. They do it once in a while.—A. Once in a while.

*By Mr. McMillan:*

Q. As a result of what you have said, do you think the grade should be the medium rather than the minimum?—A. That is what this article says, that these samples shall be, not the minimum sample but an average type sample to go by, so that the inspectors can go and see that sample and say, "Well that is nearer No. 3 than it is to No. 4, therefore it goes into the No. 3 class." But

[Mr. John Gillespie.]



as the Grain Act stands at the present time, it does not say that. It may be almost a No. 2, but it has to go into the No. 3 class, and if it is anything below No. 3 the inspection department will tell you—and I know they believe it themselves—that they are allowing dozens of cars to go into this grade.

*By Mr. Brown:*

Q. Is it your idea that this sample sent out to the trade and sent abroad should represent the average of the grade rather than the minimum or the maximum?—A. I say that this sample is sent over as a minimum of the grade, and that it is necessary that it be the average of the grade here, because the inspectors, if they would take just as much grain over as under that sample they would still get the minimum sample over in the Old Country.

Q. But if the average sample was sent over there, and they got a car which came within the definition in the Act “but below the average” would they be justified in refusing to accept that grade if it did not conform to the standard?—A. They would not be justified in refusing it. It is sent over as an average. It is not guaranteed to be the lowest possible quality. The sample we send over, if it is an average sample, is an average only and a guide, and it might be a little better or a little worse than the average sample.

*By Mr. Garland (Bow River):*

Q. As long as mixing is permitted, do you not think that outgoing cargoes of wheat would be rather inclined to be below the average than above it, and the importer on the other side would never get anything above the average?—A. They would get some above it just the same as they would get some under it.

*By Mr. Brown:*

Q. That is, if mixing was absolutely done away with, it would require this, would it not, it would require them to ensure that they would get it much above the average?—A. Well, they certainly would.

*By Mr. Vallance:*

Q. Do you think if they made an average and you sent it over, the buyer of that average would expect to get something above it or below it? The buyer would still buy at the minimum for fear he would get below it.—A. I am just discussing the possibilities of it. He might do that.

*By Mr. Coote:*

Q. In other words, Mr. Gillespie, all the cargoes going to buyers in the Old Country are exactly the same—I think this is a point which needs to be cleared up?—A. All the cargoes exactly the same?

Q. Yes, or is there a difference in the quality within one grade, the same as there is a difference in the quality in one grade delivered by the farmer?—A. There must be differences in carloads or boatloads.

*By Mr. McMillan:*

Q. But this mixing privilege that is going on at the terminal is such that it tends to do away with the difference in quality—does it not?—A. I did not get the question. Probably I did not understand you.

Q. Well, possibly we had better let the thing go at the present time. I say the mixing privilege that is allowed at the terminals now is such as to send the grade forward on an even sample?—A. That is another question entirely. If you want me to discuss it, I will do so, gladly. That is the idea at any rate that comes to my mind when they say here that they recommend that it be a type sample, that they can go slightly under that sample or slightly over it. But that grain absolutely belongs to that standard. Compared with No. 4 or No.

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3; it belongs to either one grade or the other, and you decide which it belongs to. If it is nearer No. 3, absolutely it should go into No. 3, and that is the only fair way this thing can be done. There is no reason why the farmer should be penalized because his cargo is slightly under this sample you send out. That is a discrimination. His grain is probably as good as his neighbour's grain; he probably gets No. 3 for it, while it is just as good as his neighbour's.

*By Mr. Campbell:*

Q. One man may have a minimum, and another man may be given the maximum?—A. I did not just get the drift of what you said there. I think you meant that if it were sent out as an average there would not be any further benefit derived from it.

Q. There would still be discrimination; some farmer would have the maximum while another farmer would have the minimum, which would be below the average?—A. Yes.

Q. As between the two there is a discrimination?—A. The one would balance the other, and you would still have the average. But that is not the way it is at the present time. There is nothing allowed to go in below, but the better wheat has to go in, or the actual wheat.

*By Mr. Brown:*

Q. There is no hard and fast line; you can draw a line anywhere you please, and you are going to get samples on one side or the other?—A. It can be said in any case that there is discrimination.

Q. But there is no hard and fast line?—A. Yes, in the Inspection Department there is a hard and fast line, because that is the minimum of the grade.

Q. But there is no hard and fast line in the grade?—A. There is a hard and fast line in the Inspection Department.

*By Mr. Lucas:*

Q. How could anything go into the grade if it were below the minimum of the grade?—A. How could anything go into it?

Q. Yes, at the present time the standard, as I understand it, is the minimum of the grade?—A. Yes.

Q. A farmer comes in with a load of wheat; the very minimum of that grade we will say in No. 3, and he gets No. 3 for it?—A. Yes.

Q. He gets all that is coming to him?—A. Yes.

Q. He does not lose anything; if he has the maximum or the average, he still gets No. 3, within that grade?—A. Yes.

Q. How is he discriminated against? If you set your standard at the average of the grade, you then put it up to the grain man who is inspecting it; you then come up against the human element, when you try to find out whether it is too far below the average or too far above it?—A. I will tell you the result of all that. It comes back again to the sample we send all over the face of the earth. You are not buying any grain under that minimum, but you are buying a lot of it over the minimum, and you are giving it away to these foreigners based on the minimum.

Q. I understand the grain men take care of that by mixing, and they mix it down to the minimum and sell it to the foreigners?—A. That is another subject.

Mr. COORE: Mr. Chairman, I would suggest that this is rather too much like an argument among the members of the Committee. I think Mr. Gillespie has been on the stand about three times, and has given us much valuable information. The last point I think is worth a great deal of consideration by the Committee, and I think the Committee should reserve their discussion of it. We have witnesses who have been in the city over a week, and we should hear them. If we do not start to speed up the work of this Committee, we will not get through.

[Mr. John Gillespie.]

The CHAIRMAN: I think Mr. Coote is quite right. If Mr. Gillespie will make a short explanation of the other two points, and the Committee will refrain from interrupting, we will get through it quickly.

The WITNESS: The next is:

Recommended that all bulletins issued by the Chief Inspector covering grades of grain be approved by the Board of Grain Commissioners, and that copies of those bulletins be furnished to the Licensed Grain Trade.

I will say this, in explanation of that, that the Inspection Department has been getting out bulletins to define these grades, such as putting percentages of non-removable grain allowed in oats or barley, or such things as that, quite a lot of them; in fact Sanford Evans has issued a pamphlet defining these grades as interpreted by the Inspection Department, and I presume he got that information through the Inspection Department. Now, a good many grain men carry that pamphlet along in their pockets, instead of the Grain Act really; that is what they go by. But the majority of people do not have these things, simply the men who are looking after the inspection and so forth, and they read them over. I do not know that our grain buyers even have these. We try to furnish them with these bulletins as they come out, but we do not always get them. These definitions put out by the Inspection Department have not been referred to nor taken with the Grain Commissioners. They may have, but we want them put as soon as possible into the definitions of the Act, that is, anything that is not in the Act, and if something comes along that affects the buying of grain direct from the farmers, these recommendations really of the Inspection Department should be taken up with the Grain Commissioners and approved, and that all licensed men in the country shall get a copy of these new regulations. They are a sort of appendix to the Grain Act. That is what they really are. The Grain Commissioners have authority under the Grain Act to make these rulings. That is all there is to that. The next is:

Recommended that all members appointed to the Appeal Board be furnished with details of their duties and routine of appeals.

These men have been appointed to that Board, and they have no instructions whatever as to how to proceed, or under what rules and regulations they shall proceed. There was that dispute which came up, which I told you about the other day, that our Mr. Serls did not believe that that sample sent there by an inspector was a minimum sample to go by, that it was just a type for the inspectors to go by. There is nothing in the Act to say whether that is the minimum. I interpret the Grain Act to say that that sample sent out for the inspectors to go by is a type sample. That is the interpretation put upon it by the Inspection Department. It is up to you gentlemen to say whether you want it made a type sample or not. It is a very important matter. The Board of Appeals want to know whether it is a type sample, and they want to know whether they have to believe what the Chairman of the Appeal Board told them the other day, that that sample is their Grain Act. That is what he told Mr. Settle. The Grain Act is not definite as to whether they have to go by any sample. It specifies that they do not have to go by samples of One, Two or Three. It specifies that in Section 40, quite plainly, although it might be interpreted in another place not to mean that. It surely would not be put in there if it did not mean something. I am satisfied that these samples sent out after this Grain Act was drawn up were simply type samples for the



inspectors to be guided by, and not a minimum sample. Another recommendation is:

We would again recommend that a travelling inspector with authority be appointed to visit at frequent regular intervals all inspection points with a view of maintaining more uniformity of grading.

I would like to discuss this shortly, if you will bear with me for a few minutes more. This is a very important matter also. As I said here yesterday, we have had to put up with men who have been inspectors at Edmonton for three, four, five, six or eight years, and it seems almost an impossibility for the Inspection Department to change their inspectors around. Really I do not know that they can change them around. The Grain Act says that an inspector may be removed temporarily, or he may be removed entirely for cause, but it does not say that he can be removed from one point to another, nor does it give the Chief Inspector the right to move him from one point to another. I interpret the Grain Act to say you cannot move a man from one place to another unless it is a promotion, and that is probably the reason why the Inspection Department is so darned stubborn to-day that they do not make changes, making people go almost upon their knees imploring them for heaven's sake to change the men around.

Hon. Mr. MOTHERWELL: We will change the Act and make them do it.

WITNESS: It was recommended in the report of the Royal Commission that these men be changed. It was compromised by saying that the chief inspector from Winnipeg would go around and visit the outlying inspectors frequently and see that they were kept in line. But it is a physical impossibility for our chief inspector to do anything like that; it takes him away for a week at a time, to go from Winnipeg to Calgary or Edmonton, so we do not get any results.

*By Mr. Garland (Bow River):*

Q. It is only a day and a night trip?—A. We are very much upset at Edmonton because as I say our inspector has been there a long time. I think that it is not entirely the inspector's fault. We do not mean that they should remove him from there because he is not a good inspector, but because it is possible for him to get into a rut, and at times our grain is not uniform with the grain that comes through Winnipeg. Quite frequently an inspector will come rushing down to Edmonton and make complaints and we have to raise hell all the time to get things straightened out there, and I tell you at times it is very serious.

*By Mr. Fansher (Last Mountain):*

Q. Would you suggest that inspectors at all outlying points be brought into Winnipeg for a week or ten days, to be brought into line or to check up on themselves?—A. I think that would be quite sufficient. I think it should be arranged so that they could be kept better in touch, in some way or other.

I want to say another thing here, while talking about the uniformity of grades. It is a very serious affair, too, and it has been a serious affair for thirty years. In the early days, while there was no such thing as moisture tests or apparatus of that kind to know whether the wheat would keep over the winter or not, it was a well-known fact that the Inspection Department reduced the grades after navigation closed on grain which was going to be stored at Fort William over winter. They reduced all grades, absolutely cut down the grades every fall, years ago, when they did not know whether the grain was going to be fit to keep through the winter or not, or whether it was going to heat, when there was no way except by the feel of your hand to know whether it was damp or whether there was going to be moisture or not. They cut down the grades every fall, and I tell you that state of affairs exists to-day. The Inspection

Department may swear on a dozen bibles that that is not so, that the grades are kept uniform from one year's end to another, and I will get men who will swear on twice as many bibles that it is happening year in and year out. To a certain extent the grain inspectors tighten up some time in the year, around navigation. It looks like a sentiment that has come down perhaps unconsciously. I will say now that Mr. Fraser will swear to you that he does not know that any such thing happens. But I know it does happen. I will tell you of a little conversation that took place in my office—I have just thought of the matter—two two days before I came away. I was in conversation with one of my superintendents, who is looking after the buyers at these elevators. He said, "so and so at Two Hills," which is the name of the station, "does not want to ship his grain out just now, he wants to hold it until the spring because he is sure he will get No. 3 for it, and if he ships it now he is certain to lose grade on it." I said, "George, do you have many fellows who are doing that, who think that by holding their grain back until spring they expect a better grade for it?" He said, "We have trouble all the time to get these men to ship their grain out, they are a little doubtful about it, and they hold it back till the last minute, and they insist upon holding it until the inspection department eases up towards the spring." That is the conversation that took place. He said that all the experienced grain men who had had experience agreed with it. I questioned him upon that. I did not know that I was coming here, or that I was going to repeat that conversation here. I said that I did not believe such a thing existed to-day, so far as the grain buyers knew. I knew in the old days, and everybody knew that the grain would be degraded after navigation closed. It is happening to-day, to a much less extent probably.

*By Mr. Fansher (Last Mountain):*

Q. Are there not two reasons that might be offered? I want to know what your opinion is. Grain put into storage at an elevator and staying in the bin over the winter will go through the curing or heating process, and there is better light in the spring of year. They can see it better than they can in the darker days in the winter?—A. We realize when this tightening up process takes place in the fall of the year or early in the winter, that the grain inspection is tightened up, and grain that you were getting one grade for before, probably the minimum of that grade, goes down to the next grade. I will say here that that is what happens, although not to such an extent as formerly, but it still exists. There is hardly a year goes by that there is not some un-uniformity. I am confident that Mr. Fraser is doing his level best to keep a uniform standard all the time, but it may not be possible to do it. I would implore him to watch it for a year or two and see if it is not taking place, because he can find out what the grain men think about it at any time.

I think this is all I have to say about it.

Witness retired.

JAMES D. FRASER, called and sworn.

The CHAIRMAN: Does the Committee wish Mr. Fraser to make a statement in answer to the criticism of his Department, levelled by Mr. Gillespie, if he wishes to do so?

Mr. FANSHER (*Last Mountain*): I offer the suggestion that it will be hardly fair to ask Mr. Fraser to reply to the criticisms which Mr. Gillespie has made until he is able to see the evidence. That will probably be this afternoon. He could reply to it to-morrow, and he could then make a statement as to what he has in mind. He cannot reply to these criticisms until he sees them and has them in order.

[Mr. J. D. Fraser.]

WITNESS: I would like to take a short time to refer to that car of barley which Mr. Gillespie referred to yesterday. It was graded in Edmonton as Feed. That was a car of barley shipped out from the Gillespie Private Terminal Elevator at Edmonton. It was sampled in the usual way and graded as Feed. The Gillespie Grain Company protested the grade, and the sample was reviewed by the Inspector-in-Charge at Edmonton, and he could not see his way clear to change the grade. The sample was then forwarded to me at Winnipeg to examine it. I examined it carefully and found it to be barley weighing forty-five to forty-six pounds to the bushel, frozen and green; otherwise it was clean barley. I replied to the Gillespie Grain Company that the barley was properly graded as Feed, that it did not come up to the requirements for grain out of a private terminal elevator, and would not be accepted out of the terminal elevator at Fort William or Winnipeg as No. 4 Barley. I believe the barley was properly graded as Feed Barley, on account of being frozen and green. That is as far as the car of barley goes.

*By Mr. Millar:*

Q. Your standard there weighs forty-nine pounds?—A. Yes. The standard sample which was made up, I made it forty-eight, but after it was weighed again it might weigh forty-nine if some of the dust was out; forty-eight or forty-nine is the standard weight.

*By Mr. Garland:*

Q. The weight was not the deciding factor?—A. No. The Act provides that weight alone shall not govern the grading of any grain.

*By Mr. Ross (Moose Jaw):*

Q. The Act says "All barley containing damaged grain"; where would you take that out?—A. That is a definition for No. 4, Mr. Ross. It speaks of damaged barley weighing less than forty-five pounds to the bushel. As far as that definition goes, it is senseless; there is no sense to it.

I might mention this, which the Committee is probably not aware of, that when the Standards Board meets every year it passes a resolution that barley not good enough to be graded as Four C. W., shall be graded as Feed, in the discretion of the inspector.

*By Mr. Garland (Bow River):*

Q. Is that not pretty nearly as senseless?—A. It puts a bottom to our No. 4, which is not there at the present time.

*By Mr. MacMillan:*

Q. Is that in the form of a regulation?—A. It is a resolution passed by the Standards Board every year, when they meet.

*By Mr. Ross (Moose Jaw):*

Q. It is evident that we must change the Act to conform to that.—A. I understand that new definitions are drawn up by a committee and are or will be presented to the Committee.

The CHAIRMAN: New definitions have been accepted by this Committee.

Mr. COOTE: We accepted them provisionally. They were not brought here in the form of a Bill. They will be open to revision.

The CHAIRMAN: We accepted them as the grades we would recommend for barley.

May I suggest that we get along for the next half hour without much discussion, and let Mr. Fraser make his statement.

[Mr. J. D. Fraser.]



WITNESS: I only wished to refer to that car, and to give my side of it, that car which was graded at Edmonton. I wish to put before the Committee this resolution, passed by the Standards Board each year, which alters the definition of No. 4 as it is in the Act, that is, it divides the grain below Three into two classes, that is, Four and Feed.

*By Mr. Coote:*

Q. May I ask this question; would it be right to say that you ignore the definition of No. 4 Barley altogether?—A. No. We recognize the grade of Four Barley.

Q. But you ignore the definition that is given here?—A. What does it mean?

*By Mr. Garland (Bow River):*

Q. Answer the question, Mr. Fraser. You do ignore it?—A. We do not ignore the grade of No. 4.

Mr. BROWN: No, but you ignore the definition.

*By Mr. Garland (Bow River):*

Q. So you do ignore it?—A. It means nothing. We really ignore it.

*By Mr. Lucas:*

Q. If you had followed closely the definitions as laid down in the Act, would Mr. Gillespie's car have come under No. 4?—A. That car of barley coming along the road from a country point would likely grade No. 4, but coming out of a terminal elevator we apply what we believe is the Act, Subsection (b) of Section 140, the grain coming out of a private elevator should be above the minimum. At least in my opinion it was not above the minimum; it was just barley, minimum stuff which would grade Four from along the road, but not coming out of a private terminal elevator.

*By Mr. Ross (Moose Jaw):*

Q. I do not mean to criticize your Department, but you have an Act describing certain grades in a certain way; that is to say, your Standards Board does not recognize what is set down in the Act by regulation, and make a grade themselves; is there any legal authority for that?—A. Yes. I believe the Act covers that. Sections 39 and 78 would properly cover that, that is, giving the Standards Board authority to pass that resolution, or set a standard, if it were a grade which the standard would fit.

Q. Do you believe that any resolution there gives you authority to change the Act and set up a standard?—A. Well, you come up against that definition. What does it really mean?

*By Mr. Brown:*

Q. There is no Feed Barley in that definition?—A. No, not under that definition. The definition does not provide for Feed Barley.

Mr. GARLAND (*Bow River*): Surely neither section, either Thirty-nine or Forty, gives power to the Standards Board to base a grade on any other definition than that contained in the Act.

Mr. DONNELLY: But Section 140, subsection (b), says public terminals.

Mr. BROWN: I do not think there is a section. This discussion will get us nowhere. We want the facts now.

*By Mr. Howden:*

Q. About that car of barley does the fact that it was frozen barley mean that it was unsuitable for anything but Feed?—A. Apparently frozen barley and Green Barley have always been put into that class. It is good for nothing but Feed.

[Mr. J. D. Fraser.]

Q. It could not be in any other class?—A. No. 4 will carry frozen barley. It will carry frozen barley which is fairly ripe.

*By Mr. Ross (Moose Jaw):*

Q. Is not the major portion of No. 4 Barley used for Feed?—A. All No. 4 Barley is used for feed.

The CHAIRMAN: We are not going to get along very far, if we have all this discussion.

WITNESS: Now, I would like to review the work of selecting standard samples and the making of those, and I think I can give you a few more particulars in connection with that, and probably a fuller explanation.

The Inspection Department is required to collect samples for the Standards Board, for the making of standard samples. In the early years, that is, prior to probably twelve years ago, those samples were collected by the buyers for the grain companies and the mills out there, through the country. A letter was forwarded by the Secretary of the Standards Board each year, asking them to forward two bushel samples of wheat grading No. 4 or lower. He forwarded along with his letter shipping bags, so that they could ship them in, and a card for a reply, so that they could state whether they were able to forward those samples or not. That is the way the samples were collected every year. It was not found very satisfactory. A great many of them of course complied with the request, and forwarded samples. Some of those were probably Four, but they were top grade Four, useless to make a minimum for No. 4, and no good for the lower grades. I remember one year we had about seven hundred bags come in, and almost one half of them were top grade Four, and useless for the purpose they were secured for. We did not get these samples in any earlier at that time than we have been able to get them in the last few years, that is, from the start of the crop all cars grading Four and lower are examined closely, and if they are suitable for the making of standard samples we make a notation of the car and notify our Inspection Department at Fort William to get a two bushel sample bag out of it. In making the selection passing Winnipeg, we have to ignore smutty wheat or tough and damp stuff or rejected so that we take the straight grades and those that are reasonably free from other mixtures. When these cars marked in that manner arrive at Fort William, a two bushel bag is taken out. We supply the bag, and that wheat is taken out at the elevator when the car is unloaded. The bag is weighed, and that weight is included in the gross weight of the car by the shipping department, so that the shipper does not lose anything by that two bushel bag being taken out. The Secretary of the Company bills the Standards Board for the wheat, and they are paid for the wheat.

These samples are forwarded to Winnipeg every few days, or once a week anyway, at the start of the season, and the selections go on until such time as we figure we have secured sufficient samples.

Right here I might correct an error on the part of Mr. Wellbelove when he stated that the date of the Standards Board meeting was the 28th of October. The date at which the Standard Board met in 1928 was the 9th of October.

*By Mr. Donnelly:*

Q. I think he said that was in 1927?—A. That would be right. The date the Standards Board met this last year at Winnipeg was October 9th. About two weeks prior to that I advised Dr. Bell, the Secretary of the Board, to advise the members of the Board of a meeting on the 9th. At that date I had about one-third of the samples we required for making up the standards. I took it that during those ten days or two weeks we would get sufficient of those samples for the making of the standards. We do not wait in any one year until we get

[Mr. J. D. Fraser.]

sufficient samples to make standards; we take it for granted that we will get enough by the time the Board meets. The date at which the Board meeting is called is the earliest date possible with the prospect of getting these samples in, say in the next week or ten days.

When these samples reach Winnipeg, two bushel samples are taken and examined and if there is dirt in them they are cleaned up, to remove any foreign matter that is there. They are left until a few days prior to the meeting of the Standards Board, when they are divided into four different groups. This last year I did that work myself. We would take a bag, examine the grain at the top, and if it looked like minimum Four or top Five we would put it into Group I, and if it looked like top Five or minimum Six we would put it into Group II. They are examined and put into groups according as they were Five and Six or Six and Feed. As soon as they are divided that way, the tickets are removed and the car shipped on. They are all numbered from one up to two hundred and fifty or three hundred, according to the number of bags, so all the information is on that ticket. Inside of each bag is the number of the sample and the weight per bushel; there is no grading on it, or any information for the Standards Board members. The Standards Board meet, and usually for the first half day or longer they discuss general matters. This year there was placed before the Board loaves of bread which had been baked by Dr. Birchard from samples supplied by the Inspection Department, average samples from No. 1 Northern down to No. 6 wheat up to that time, so that the Board could examine them. The Doctor gave them a talk on the quality, on the baking, the protein—he had a protein test made—he also told of protein tests he had made by samples from cars, and he gave them a lot of good and valuable information.

Q. How many times was that done?—A. The year before. We gave them all the information we could, to place before the Standards Board at their meeting.

*By Mr. Millar:*

Q. Was it two years ago that a chemist was asked to appear before the Standards Board?—A. I think he has been there the last three or four years.

*By Mr. McMillan:*

Q. All your samples for grades are obtained at Fort William?—A. Yes. At the present time; these are supplemented of course by any average samples we have collected for grading up to the time the Board sits. When we grade a car No. 1 Northern we take a handful out and put it in a pail and mark it No. 1 Northern, the same with Two, Three, Four, Five and Six, so that in ten days or two weeks we collect a considerable number of good average samples.

*By Mr. Brown:*

Q. Do you indicate the cars, from which a sample is taken?—A. Yes. When they pass through Winnipeg we select the cars there and pass the information on to our inspectors at Fort William.

Q. And they forward the samples according to your instructions?—A. Yes.

*By Mr. Ross (Moose Jaw):*

Q. Did you take into consideration at all in the selection of your samples the areas from which they came, in comparison with the amount of grain grown in those areas?—A. No, did not do that. We make a selection from all over the country, as much as possible.

Q. Did you have much Alberta wheat?—A. We did not have a great deal, but we took every car that was possible, passing there. Besides samples from the cars, I had the Inspection Department at Calgary and Edmonton forward me samples. They forwarded their average samples up to that date, about half a dozen bags of wheat that they had secured from cars at Edmonton and Calgary.

[Mr. J. D. Fraser.]



These last three or four years the delay really in holding the Standards Board's meeting has been caused by weather conditions during harvest and threshing, particularly in Alberta, where they have been later than Manitoba and Saskatchewan.

A year ago last November I had to have samples expressed down from Calgary and Edmonton, to get any samples at all from Alberta.

*By Mr. McMillan:*

Q. You said they met on October 9th?—A. Yes.

Q. When would those grades be in the hands of the elevator men, so that they could buy from those samples?—A. We do not distribute any great proportion of these samples to elevator men throughout the country. We distribute to our men all over the country, and they are sent to England, to the Continent, to China and to India.

*By Mr. Coote:*

Q. Do you get sufficient of those samples to supply all the country elevators, if they were asked for?—A. At the present time we are making up from forty-five to fifty bushels of No. 1, 2, 3, 4, 5 and 6. We find that practically all of them are required for the Inspection Department and for samples for overseas.

Q. But if the elevator companies attempted to supply all these country houses with samples, it would require a good deal more than that?—A. Yes, possibly 150 bushels.

Q. I presume up to the time these new samples are made, you grade under the previous year's standards?—A. Yes.

Q. Can you give the Committee the figures showing the amount of grain inspected up until the 9th October, or until you start to use the new standards?

*By Mr. McMillan:*

Q. About what date would you start to use the new standards?—A. Immediately they are set. At Winnipeg they were set on the 10th, the 2nd day, and they would be immediately given to the inspectors at Winnipeg, and immediately sent out to inspection points in the West.

*By Mr. Coote:*

Q. Have you figures of the amount of grain inspected before the 9th October?—A. I can give it to you fairly well from memory. There were about 80,000,000 or 82,000,000 bushels altogether.

Q. At Winnipeg?—A. At all points.

*By Mr. Donnelly:*

Q. Do you know how many would be examined at the country elevators?—A. No, I could not tell you, but there would be quite a lot of wheat. I would think that of those 80,000,000 or 82,000,000 bushels one half would be No. 1, 2 or 3 Northern.

*By Mr. Coote:*

Q. We can get that information from the Board of Grain Commissioners?—A. Yes; they would have that.

*By Mr. Millar:*

Q. Would it be November 1 before the standards reach Liverpool?—A. Yes, fully that time.

[Mr. J. D. Fraser.]

*By Mr. Garland (Bow River):*

Q. It would only take them about five days to get to Liverpool?—A. They have all got to be put up into seven pound bags, sealed up, and enclosed in larger bags, and it takes a few days to do that. There was probably in the neighbourhood of eight hundred bags.

*By Mr. Brown:*

Q. Then from your experience with the new methods of collecting samples, do you think this the better of the two?—A. Yes, we believe it is as quick and better. There is not the waste matter coming into the inspection offices for making up into samples. The suggestion has been made that these might be collected by an agent in the country, the Pools, the United Grain Growers, or the grain firms. It is possible we might get the Pools to do that collecting and hurry up the date a little bit, and I can assure you that the Inspection Department are just as keen to have the new Standards as anybody else. Up to the time of their meeting, we are on pins and needles.

*By Mr. Coote:*

Q. It makes it a little difficult to determine the grade, while you are working on the standards of the previous year?—A. Yes, it is a little more difficult.

*By Mr. Fansher (Last Mountain):*

Q. You mentioned that in 1927 or 1928 Dr. Birchard was brought before the Standards Board, and that he gave you a talk, and so on. Can you tell us in what degree, if any, the Standards Board took into consideration his remarks and findings in setting their standards?—A. I cannot answer for anybody but myself. I cannot tell what they were thinking of at the time the samples were sent. Mr. Gillespie described that pretty well. The Board was constituted in 1928 of twenty-six men divided into groups of three. Each group would take a pail and a little tin cup; one man would take a pail, another a tin cup, and the other a pad. They go around, and if it is No. 4 they will examine the top and take out what they think constitutes a good sample, noting the number on the bag, and taking a couple of cupsful out of the bag. These four or five samples are all put out on a table separately, and are examined by all the members of the Board and voted upon in the manner Mr. Gillespie described the other day, until a final selection is made, and the bulk of that sample, whether it is twenty-five or thirty bags is again mixed up and placed before the members of the Standards Board, and they finally vote upon it, to accept or reject it. At times a change is made, after a mix has taken place, to lower or raise the standard.

*Mr. Mr. Coote:*

Q. You stated that these different sacks contained a ticket which stated the number of bushels, the weight of the bag and so forth; would not it help the Standards Board if there was included on that tag the district from which it came and when shipped? That would give the committee an idea, when examining these sacks, of the different areas concerned, and this ticket might contain a statement of the protein content of the wheat, or go farther and show perhaps the milling and baking quality. Would that not help you to arrive at a proper conclusion as to what should go in to make for instance, a No. 4 sample?—A. I believe it would be a help to the committee to have that information. It would do no harm to give the point it came from anyway.

Q. If that is not given, the committee might be overlooking say an area which might be one quarter of one of the provinces?—A. Yes.

Q. The committee should know from which district the wheat comes from? A. Of course the damaged wheat which would be included in these samples only comes from districts in the West. This last year it was pretty general over Saskatchewan and Alberta.

*By Mr. Donnelly:*

Q. I think Mr. Gillespie suggested that the Grain Standards Board set all six standards and supervise or pass a final decision on them as to whether the Inspection Department was right or not?—A. I do not think that that would do much good. I would prefer the Standards Board to make the standards themselves. If it was carried out in the manner Mr. Gillespie suggested, I might make a mixture which would not be acceptable at all by the Standards Board later on, and it might spoil the whole batch.

*By Mr. Coote:*

Q. Could they not easily make what they thought was a necessary change in it; I do not suppose it would be anything very drastic?—A. I do not think there would be anything gained. I do not see what would be gained by the Inspection Department making up samples and then probably have them changed.

*By Mr. Garland (Bow River):*

Q. Take No. 4 wheat; this year a great deal of complaint has been made about it?—A. Yes.

Q. Supposing the Board considered you were a little too severe, and lowered the grade you had allowed, that would not necessarily upset all the other grades?—A. Up to the time the Standards Board changed the grading it would not affect the grade prior to that any more than it does to-day.

*By Mr. Donnelly:*

Q. What do you think of the Standards Board fixing the samples for Nos. 1, 2 and 3?—A. I would be willing to have them do that. It would relieve me of the responsibility.

Witness retired.

The Committee adjourned until Thursday, April 18.



HOUSE OF COMMONS,

April 18, 1929.

The Select Standing Committee on Agriculture and Colonization met at 4 o'clock p.m., the Chairman, Mr. W. F. Kay, presiding.

The CHAIRMAN: When we adjourned yesterday, Mr. Fraser, the Chief Inspector, was on the stand, and we will go on with Mr. Fraser to-day.

JAS. D. FRASER, recalled.

The WITNESS: Mr. Chairman and gentlemen, at the adjournment last night we were discussing the standard samples. I would like to take a few moments on a further discussion of that matter. The method by which these samples have been procured for the last number of years proved to be fairly satisfactory up to last Fall. Last Fall the method seemed to be too slow for the movement of the crop. That was accounted for, I think, by an early harvest generally over the three prairie provinces, by a very large area that had been subject to frost, and a very large amount of frozen wheat, and the general use of combines and trucks. All these factors tended to hasten the despatch of the wheat from the farmer to the elevator, with the result that almost at the beginning of the harvest millions of bushels were being delivered daily to the elevators, while other years it was a gradual increase. It generally took a month to six weeks to get up to the peak.

Now I realize that the present system of collecting samples is probably out of date, and that some new system will have to be applied. The only other way of collecting samples would be through some agency or agencies in the country; it has been suggested that the pools might be willing to collect these samples. If the pools or the United Grain Growers or the grain firms were willing to collect these samples and forward them, I might suggest this for the consideration of the Committee, that they be instructed to collect these samples at as early a date as possible, a small sample, probably ten or fifteen pounds, that is, of the damaged wheat; that these small samples be forwarded to Winnipeg by express; that the Standards Board be called together at as early a date as possible; and that they set a standard sample from the small samples.

These standards would be provisional standards only. In the meantime two bushel samples could be collected by the same agencies throughout the country, or by the present method; that is, by the inspection department, or by both; and the Standards Board could be called together at a later date to fix a permanent standard.

If a provisional standard was made, it would do away with the use of the previous year's standard, and it would be very much better as far as the inspection department is concerned.

We are just as anxious as any other interest in the business to have new standard samples prepared at an early date. I do not know whether that suggestion would meet with the approval of your Committee or not. If it did, there is one point that would have to be given consideration, and that is the date at which the Standards Board should meet for the first meeting. That date could not be fixed by the Chief Inspector. It would have to be fixed on advice from the agency in the country supplying the samples, or by the representatives of the Standards Board living in Saskatchewan, Alberta and Manitoba.

[Mr. J. D. Fraser.]

*By Mr. Ross (Moose Jaw):*

Q. Mr. Fraser, in connection with that, is not the trouble that there has been a change from one standard to another during the grading of the crop? Now you will have a change from the standard of the year before to a standard that is set up on the small samples, and then a change from that to the standard set up by the larger samples—A. Well, I would not anticipate any great change between the first standard set up by the Standards Board and the second one, unless some climatic condition came which affected the grain in the fields.

We have had years when the standards have been made up very early, when the great bulk of the grain coming forward later on was entirely different, as far as appearance was concerned; that is, it had bleached out, or something.

Mr. VALLANCE: Would it not be that you would collect your samples from a very much larger district?

The WITNESS: I think that is possible, and also that they could get a ten or a fifteen pound sample more readily than they could a two bushel sample. I think if that was adopted, the first standard could be made up possibly two weeks earlier than the present one. Now two weeks this year would have covered the great bulk of the grain that had passed inspection prior to the setting of the standards.

*By Hon. Mr. Motherwell:*

Q. And those preliminary samples would at least have the advantage of representing the current year's crop?—A. Yes.

Q. And your aim is to improve on the present method?—A. Yes, to improve on the present method.

Q. And it would also prevent calling on the Standards Board until you were sure you had a representative lot of samples of the crop?—A. Yes, sir.

*By Mr. Lucas:*

Q. What would be your opinion about the setting up of two standards, as suggested by Mr. Gillespie, one for the crop going west, and the other for the crop going east?—A. I do not like the idea. If they were set up, while they may be of different composition they must be of the same value. You could not afford to have a crop standard at Calgary different from that at Winnipeg, if you did you would have the farmers of Alberta complaining that they had to ship on a higher standard than those shipping from Manitoba.

*By Mr. Coote:*

Q. I think you said a minute ago that up until last year the manner of gathering samples had been fairly satisfactory. Is it not the case that two or three years ago the standards samples were of so little use to the inspectors at Calgary and Edmonton that later in the season you made up samples largely from Alberta wheat and sent them to those offices to be used for wheat going through there?—A. Yes, that is so. And that was done last year.

Q. Would not that be considered a very good argument in favour of the suggestion made yesterday by Mr. Gillespie that we have standards made for the wheat going west through Calgary and Edmonton? That is, would not the standard then be more suitable to judge that grain by than the samples which you now send to those points?—A. There is no question about that, that it would be more suitable. The idea, however, of setting up two standard samples for

each of the grades four, five and six, I do not think is a very wise thing to do. I would suggest this, that if the standards first made up at Winnipeg are not suitable for inspecting the grain for Alberta, a guide sample might be made by the Standards Board for those offices.

Q. What is the difference between the guide sample and any other sample which would be sent? A. Well, it is a difference in the composition of the sample.

Q. You do not object to a guide sample being set up which would be composed almost entirely of Alberta wheat?—A. No, I would be quite agreeable to that.

Q. Then what is the objection to making that a standard?—A. Well, if they were made of the same value, there would be no objection as far as the western producers are concerned; but if you had two standards you would have to send two standards to all the corn exchanges in Great Britain and Europe.

Q. Then if the official standard sample in many years is not suitable to grade the Alberta wheat by, is that a proper sample to send to the Old Country as a guide to the buyers there of the wheat that they may expect to receive from Pacific ports?—A. Well, not entirely, Mr. Coote.

Q. Then if you were a buyer in the Old Country and were getting wheat shipped from Vancouver, is it quite probable that you would prefer to see the standard on which that wheat was judged rather than the standard which is used at Fort William?—A. Yes, I think that is a reasonable suggestion, but they would no doubt like to see the standard on which it was examined and graded.

Q. Then would it not seem reasonable that it would be better for the inspector at Calgary, and that it would be more satisfactory to the buyer in the Old Country, to adopt the suggestion made by Mr. Gillespie and set two standards?—A. One trouble is that in some years a great deal of the Alberta wheat goes through Fort William, and it would require the use of both those standard samples at the inspection point; and if you had two standards like that you would have to have a distinct name for each standard. I suppose Alberta wheat graded through Winnipeg passed on the Alberta standard would have to be kept separate from the other.

Q. Why?—A. If you furnish two samples to the Old Country millers, some one may prefer a thinner wheat to the frozen green stuff, and he may buy on that standard; then if he gets the frozen green stuff he may have cause for objection.

Q. That is what has happened to-day. You are sending to the Old Country a standard in which very little Alberta wheat will show, and yet in some of the shipments which are going to the Old Country you will find a very large percentage of the wheat in that shipment will be from Alberta, and the wheat which the buyer in the Old Country receives will not look very much like that standard. Is not that the case?—A. That is the case all right, but as it is now he has only one standard; while, if there were two set up we would have two standards. One miller may want the frozen stuff while the other may want the thin.

Q. But if he buys wheat coming from Atlantic ports, he will know that he is no more likely than at the present time to get it composed altogether of Alberta wheat?—A. Well, as far as the standard for four, five and six is concerned, when it arrives in the Old Country I do not think there is any question but that the Old Country millers know that if they buy from the Pacific coast they will get frosted wheat rather than from the east. They know that and expect to get it.

Q. Then, supposing we put the proposed system into effect, and a certain amount of Alberta wheat still does come down to Fort William, then will the sample which is going to the Old Country from Atlantic ports be very much

[Mr. J. D. Fraser.]



different from what is going at the present time, and will the standard sample be very much different?—A. Well, the standard sample may differ because when those standard samples are made up they do include Alberta frozen green wheat. If that was included in the grade, the sample would be different from what it is at the present time.

Q. I am not supposing it would be included entirely, because when you are securing samples from the Standards Board to work on, you will secure samples from all the districts that ship grain to Fort William, will you not?—A. That is what it should be.

Q. And when you secure your samples for Pacific shipments, they will be secured from all the districts growing grain which goes West?—A. Yes. The only difficulty is to know which grain will go west and which grain will go east.

Q. Do you think it would be any more difficult than it is at the present time, bearing in mind what was said yesterday, that you had difficulty in securing samples, which necessitates the late meeting of the Standards Board, which is largely caused by the great difficulty in getting grain from Alberta, because we start threshing there later?—A. My suggestion was that a second meeting of the Standards Board could be held a little later, so that we could get samples from the later districts.

Q. I want to get from you all the reasons you can advance against the suggestion as to setting different standards. Before dealing with that, may I ask this question; would it not be liable to do away with a certain amount of dissatisfaction which now exists in Alberta in connection with the grading for commercial grades, if a standard were set for Pacific shipments, that standard being made out of Alberta wheat?—A. It probably would; I believe it would, to a certain extent.

Q. If I might repeat something I said before, it would be a little more satisfactory to the grower of the wheat, it would be better for the inspector at Calgary and Edmonton, also at Vancouver, and perhaps more satisfactory to the Old Country buyer, to have a standard for Pacific shipments. Can you advance any reasons against it that would seem to offset those advantages?—A. Well, nothing more than I have said, Mr. Coote, that if the standard at Calgary were a higher one, we might have complaints from your shippers, if it was higher at Calgary than at Winnipeg.

Q. But if the Standards Board was setting both standards, could they not endeavour to have them of the same relative value?—A. That would be the only way to do it, if they decided to do it.

Q. Is there now a difference in the value between wheat shipped at Vancouver and wheat shipped through the Atlantic ports, as reflected by the price paid by the buyer in European ports?—A. Yes, the price would indicate that. I have had letters from importers; some prefer eastern shipments and some western shipments. There is nothing definite.

Q. Some years they may prefer shipments from one port and some years from another port?—A. Yes, and sometimes in the same year.

*By Mr. Ross (Moose Jaw):*

Q. The break in the freight rates in the west as between Winnipeg and Vancouver is about Swift Current. In a year when there is considerable frozen wheat in northern Alberta, it is quite possible that there would not be any frozen wheat in southwestern Saskatchewan?—A. Yes.

Q. Coming from that district, I would not want to see a separate standard put up there, with Alberta wheat as a base, and bidding on Pacific port wheat on that basis set on Alberta frozen wheat from the north, because wheat coming out of northern Saskatchewan would come through that point which comes up to No. 4 standard in the east, and there would be bidding on a bad wheat going out

not because it was frozen, but for other reasons, and it would make a difference to our people in shipping wheat to Pacific ports. In a year when you might have a pretty badly frozen crop in northern Alberta, you might have a very heavy crop in southwestern Saskatchewan, and considerable of our wheat would go by Pacific ports?—A. Yes. It does frequently go that way.

*By Mr. Coote:*

Q. It might help the Committee to get a better idea of this thing if you could tell the type of wheat which grades Four from Manitoba or eastern Saskatchewan and the type of No. 4 coming down out of Alberta and western Saskatchewan. Is there any difference in the type of grain going out of Fort William and of grain going out of Vancouver?—A. I cannot give you anything definite about that. Frequently, wheat grown in Manitoba and parts of Saskatchewan when it grades Four is a thinner wheat; No. 4 out of southern Alberta is usually frosted and green; out of northern Alberta it may be frosted and green wheat or starchy. Four out of northern Saskatchewan may be frosted, green or starchy, or it may be thin as well. You have conditions even in Alberta that are pretty far apart, as between north and south; the same in Saskatchewan, and the same in Manitoba.

Q. We realize that. I think anyone must realize that there is bound to be a lot of difference, a great deal of difference, in the types of wheat grown in a territory seven hundred miles wide and eight hundred miles long. I am referring to Mr. Gillespie's suggestion that we make two standards, simply because they are going to two different ends of the territory. We have now a standard at the head of the Lakes, and the same in Vancouver, but almost everyone I think will admit that there is a considerable difference in the type of grain which goes through Vancouver and that which goes through Fort William?—A. Yes; generally that is true.

Q. If that is true, it seems natural to a lay man in the grain trade to say that it might be well to have a standard for Pacific shipments and a standard for the head of the Lakes. I am anxious, as I said before, to get all the reasons that can be advanced against that, outside of mere opinions; personally I am anxious to get all the reasons, both for and against. I do not think Mr. Ross' objection would be a very valid one. I want you to tell the Committee if you think, if grain is going from certain points of Saskatchewan through Vancouver, a certain amount of it, a fair percentage, would be relative to the amount going through which might be included in the standard samples?—A. The trouble would be to know if it should be included in the standard sample for Calgary or not.

*By Mr. Garland (Bow River):*

Q. The condition in southeastern Alberta is almost identical with that in southwestern Saskatchewan. The climatic conditions are so similar that taking the general run from year to year, the quality of the grain through those districts is almost precisely the same; a large proportion of the sample included in the standards for Calgary or Edmonton would come from that territory?—A. Yes.

Q. Southwestern Saskatchewan wheat would be in effect represented in the standard samples for Pacific shipment?—A. That would apply to the southwestern part of Saskatchewan. It would not apply so much to the centre of Saskatchewan, because they very frequently get thinner wheat there.

*By Mr. Ross (Moose Jaw):*

Q. In 1927 was there not a vast difference between wheat grown in southwestern Saskatchewan and the wheat grown in southeastern Alberta?—A. What year was that?

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Q. 1927. The crop in southeastern Alberta was lighter than it was in southwestern Saskatchewan?—A. It was frozen. Yes, the Saskatchewan wheat was light generally.

*By Mr. Coote:*

Q. You do not think that the imaginary line between Alberta and Saskatchewan affects the climate?—A. No. Of course there is a district in between where there is not much wheat grown, and one side of that may be a little lighter than the other side, or different because it happens to be frozen or remains a little green. Personally I have no objection to two samples, as far as the inspection department is concerned, but I doubt if it is good policy.

Q. Why is that?—A. If you set two samples, both samples will have to be used at the inspection points, because you will get wheat that will fit the one or the other going both ways.

Q. Why could you not say that all wheat going West would be graded on the western standard and all grain going East would be graded on the eastern standard?—A. Take the eastern standard, it is made up of thin wheat. If you shipped Alberta wheat out, the inspectors would have the same difficulty in grading that, by comparing it with the other standard as they have at Calgary, probably more.

Q. Would they have more difficulty than they have now?—A. Not more, no. But they would have to use both standards.

Q. Would we not get away from part of the difficulty we now have?

Mr. BROWN: You would create some.

The WITNESS: If you set up two standards, I do not see how you are going to mix them.

*By Mr. Coote:*

Q. There is a standard in use at Winnipeg, and a standard in use at Calgary. I understand that all wheat going east is graded at Winnipeg. Do you not sample all cars of wheat going to Winnipeg?—A. The great bulk. Some go through to Fort William.

Q. They are graded either at Winnipeg or Fort William?—A. Yes.

Q. I do not see where the difficulty would be in all grain going to Vancouver or Prince Rupert being graded at Calgary or Edmonton, subject of course to re-inspection, and in all grain going east being graded at Winnipeg or Fort William. Where does the difficulty come in?—A. Suppose an importer in the Old Country asked me on what standard Alberta grain passed the grade at Winnipeg? We grade frozen green wheat from Alberta on the eastern standard.

Q. Are you not doing that same thing to-day?—A. Yes, but we have only one standard.

Q. But if the importer in the Old Country asked you on what standard you were grading wheat going through Pacific ports you could send him samples; it would look very much more like the wheat he was expecting to get?—A. Yes.

Mr. BROWN: I do not see how the difficulties would be increased by two standards. They might be lessened.

Mr. Ross (Moose Jaw): Why two standards? You have Prince Rupert, with possibly a different kind of wheat, and you have the Hudson Bay line; there will be another standard, four in all.

Mr. BROWN: The question is not whether the creation of another standard would solve the problem. You have a difficult situation now, attempting to deal with all classes of wheat by the one standard. There is always the possibility that two might help some.

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*By Mr. Ross (Moose Jaw):*

Q. Would it not be better, Mr. Fraser, to have your grade Four designate why it is graded Four?—A. That would be a pretty big job.

*By Mr. Coote:*

Q. That would necessitate special binning?—A. What Mr. Ross suggests?

Q. Yes.—A. I do not know. You could designate it, probably, but it would be a hard job, harder than grading at the present time.

Q. I am not suggesting that you should make a different standard for Vancouver and Prince Rupert. They would have the same standard, just as Winnipeg and Fort William would have the same standard.

Mr. Ross (Moose Jaw): No, you would not. You would get northern Alberta wheat through Prince Rupert.

*By Mr. Garland (Bow River):*

Q. Is it not true to-day that for all practical purposes two distinct standards exist. You go into the Calgary inspector's office at any time, and you do not find them grading grain on the general samples. It is only when an appeal is lodged or a complaint made that they will draw on the standard. There is a distinct difference between the type and the sample. As an illustration I secured some samples of a Calgary shipment to England, had the grade noted, and as to where they came from. I took them into the inspector, without telling him what they were or where they came from. At once he recognized that they were not Alberta wheat. Yet they are grading Alberta wheat not on the standard sample but on a standard of their own, on their own opinion—it really amounts to their own opinion—as to how closely this particular type of wheat will approach the sample in value. It is the practice, so that really to-day they are grading on two different samples.

*By Mr. Donnelly:*

Q. Is not the same thing true of northern Saskatchewan and southern Saskatchewan?—A. Yes.

Q. Two distinct types of wheat grown there?—A. Yes.

Q. A certain proportion of each of those different types going into your composite sample?—A. Yes.

*By Mr. Bancroft:*

Q. Could you give us some idea, Mr. Fraser, of what proportion of the Alberta crop goes to Fort William and to Port Arthur?—A. Well, I have nothing to base an opinion on. I might get figures that would give you a fairly good idea. Some years there is quite a large amount of Alberta wheat going to Fort William, and other years very little.

*By Mr. Ross (Moose Jaw):*

Q. In 1927, Mr. Fraser, would it be about sixty per cent west and forty per cent east?—A. Well, you can estimate that. There were about eighty-eight million bushels, I believe, shipped to Vancouver and something like nine million bushels shipped to Prince Rupert. That would be about ninety-seven million bushels altogether out of a crop of how much?

Mr. Ross (Moose Jaw): 178 million bushels.

Mr. COOTE: A good deal of that, however, stays on the farms for feed, and seed, and a good deal is consumed in the mills of the province.

Mr. Ross (Moose Jaw): Sixty and forty would not be far out.

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*By Mr. Bancroft.*

Q. If you have two standards, one for the Alberta wheat and one for Saskatchewan and Manitoba, we will say, and you had fifty million bushels of Alberta wheat going through the eastern ports, would not that tend to complicate things there?—A. I do not know that it would make any difference as far as the inspection goes. We could use both standard samples as well as one.

*By Mr. Coote:*

Q. If they were all dumped in together, Mr. Fraser, after you have graded it on those types at Fort William, would not your resulting No. 4 be just the same as it is now?—A. Yes, I would say so.

Q. It would not be different from that at Fort William?—A. Not to-day, no.

Q. I am going to ask the Committee to try to eliminate from their minds any dividing line between Alberta and Saskatchewan. It is very unfortunate, apparently, that the word "Alberta" was used there. I do not think Mr. Gillespie had in mind suggesting a different standard for Alberta. He was suggesting a different standard for Pacific and Atlantic shipments. Let us eliminate then the dividing line between those provinces. I am going to put the question to you in this way, Mr. Fraser: for what reason are the standard samples now sent to the old country?—A. To give the old country buyer an idea of the value and the composition of the grains going into those shipments; it represents the minimum quality that he may expect to receive.

Q. And, I presume, it gives him the best idea of what he might expect from the general appearance of that wheat.—A. I have no idea of the tests they make over there. They may make milling tests and protein tests.

Q. Do you not think that the buyer in the old country has some right to expect that the wheat he receives of a different grade will fairly represent the standard sample which you have sent over there at the beginning of the season?—A. I do not think that the old country importer, or miller, will expect to receive shipments from Vancouver wheat that has the appearance of the standard sample. He expects to get the value of the standard sample. He would expect that, I would say, from all shipments of that grade.

Q. Well, do you not think the ordinary man might also expect to receive wheat that looked a little bit like the standard sample, I mean the same type of wheat?—A. Well, of course, I do not know what they might expect. I think, his receiving a certain class of wheat from these different ports, he expects, as a matter of course, that similar wheat will go that way. The standard samples, as sent over to the old country, indicate the value of wheat that he may receive in those classes irrespective of the composition.

Q. Then it would seem to me at least that it would be wise to have those standard samples look a little like the wheat that is going to be shipped, and if he had a different standard in use for Pacific shipments would not the cargoes that go from the Pacific coast look more like the standard sample than they do at the present time?—A. There is no question about that, Mr. Coote. If you had samples made up of the wheat that was going out that way, there is no question about it.

Q. Have you seen wheat going from the Pacific ports that would weigh perhaps five pounds to the bushel more than the standard sample?—A. Yes.

*By Mr. Ross (Moose Jaw):*

Q. And from eastern ports?—A. Yes.

*By Mr. Millar:*

Q. Have you ever had complaints from the old country that there was a variation in appearance between the standard sample that is received of the

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western shipments, that the western shipments were not similar in appearance to the standard samples?—A. Well, we have had some complaints along that line, Mr. Millar. In fact, I had complaints on a shipment from Vancouver last fourth of July, and the shipper claimed that, in his opinion, it was not equal to the standard. That sample weighed sixty-one and one-half pounds against fifty-six or fifty-seven in the standard. The moisture test was 13·8 against a possible 14·4, and the protein was 12·7 against the standard 11·70 or 80. He was basing his complaints, as far as I could determine, on the colour of that wheat only. It was composed principally of wheat that was threshed in the spring of 1928. It was a poor looking colour, otherwise it was good wheat.

*By Mr. Garland (Bow River):*

Q. Is it not true, that you have, on several occasions, changed the type or the guide samples for your inspectors in Calgary and Edmonton?—A. Yes, on several occasions.

Q. Yes, or made new ones to guide them?—A. Well, last year we made a guide sample. But we only made the one guide sample. We made it large enough so that we could use it the year round.

Q. For what grades?—A. Nos. 4, 5 and 6.

Q. In previous years, do you recollect having done something similar?—A. Yes.

Q. How often?—A. Not more than probably two or three years altogether.

Q. On whose representations did you undertake to provide them with that additional standard, or sample?—A. Well, on my own initiative.

Q. On your own initiative? You did not do it just because you thought some bird whispered to you about it; you had some information or complaint from someone?—A. I realize the difficulty in comparing frozen and green wheat with the standard sample made up of No. 4.

Q. You went out there yourself, did you, and investigated conditions, and as a result of the conditions you found there you shipped this second standard?—A. No, I knew the conditions before I went out, on samples that were received at Winnipeg.

Q. And then you went out and set this other standard?—A. Yes.

Q. Because you found the general sample was not suitable for guiding your inspectors out there?—A. I would not say it was not suitable, but the type sample I sent made it easier to compare one sample with the other.

Q. In any of these type samples that you set up, or guide samples that you set up, was there a great variation in weight between the type sample, or guide sample, you sent out and the standard that had been previously sent out?—A. Yes. The guide sample was usually several pounds heavier.

Q. In some cases as high as five pounds to the bushel heavier?—A. Well, I do not remember the weights exactly.

Q. It is likely that there was a case?—A. Not quite five pounds—probably three or four.

Q. Anyhow, four?—A. Well, I would not say that. I forget the weight.

Q. As a matter of fact, I have a recollection of my attention being called to that fact. Would you tell the committee just why you increased the weight?—A. Well, because the type sample was made up from wheat that was grown in Alberta, just as it was. It was Alberta wheat.

Q. And it weighed that much more than the composite sample of all the western provinces?—A. It would be from three to five pounds more.

*By Hon. Mr. Malcolm:*

Q. Would it have more moisture?—A. Of course, it would be all dried out in the sample.



*By Mr. Garland (Bow River):*

Q. As a matter of fact, Mr. Fraser, which weighs the heavier tough wheat or dry wheat?—A. Dry wheat.

Hon. Mr. MALCOLM: I was referring to the sample having more moisture.

Mr. COOTE: Is it not because you had to take a certain kind of wheat and it had the weight in it; you could not help the type sample being much heavier in weight?

*By Mr. Garland (Bow River):*

Q. So that, in fact, you have had for several years two standards, whether the wheat was going east or west, as far as Alberta wheat is concerned, as far as the inspections at Edmonton and at Calgary are concerned?—A. Yes, as far as the Inspection Department is concerned.

Q. And you found that advisable?—A. Yes, we found that advisable.

*By Mr. Coote:*

Q. I take it that that is the only guide the inspector has in the commercial grades, in the standard samples that are sent him? I mean he has no definition in the Act?—A. No definition.

Q. Well, then, would you not say that it is essential if those inspectors are going to grade the wheat uniformly and properly, that they should have a standard or type sample for their guidance that bears the closest possible resemblance to the wheat that they have to grade by that standard?—A. Yes. That applies as well at Winnipeg on Alberta wheat going that way. That type sample was for the inspectors at Winnipeg the same as at Calgary and at Edmonton.

Q. I have no objection to them using that sample at Edmonton or at Calgary. All that we are suggesting at the present time is that if the inspectors are going to grade all the wheat that goes through the Pacific ports on a certain grade, or standard, that should be the standard, and that it should be sent to buyers in the old country so that it will be a guide to them as the kind of wheat that they may expect to get. For instance, say the wheat has been graded No. 4. It should bear a close resemblance to the No. 4 which is being so graded, and the buyer should expect to get the wheat which he buys, having a close resemblance to the No. 4.

I will put the question in this way, Mr. Fraser; if a farmer who is shipping his wheat to Calgary has wheat which weighs sixty-four pounds to the bushel and the type sample of the grade which he received weighs fifty-eight pounds to the bushel, is he not very apt to be dissatisfied and go and look at the standard sample to see what grade he has received?—A. Judging it by the weight per bushel.

Q. But there is such a difference in the appearance of the wheat, is there not?—A. Oh, yes.

Mr. ROSS (Moose Jaw): Mr. Coote and Mr. Garland have been calling this type sample you sent up at Calgary or Edmonton a standard. They were not graded as a standard; that was simply a type of the wheat grown in that district.

Mr. GARLAND (Bow River): The wheat was graded by it.

Mr. ROSS (Moose Jaw): No, it was not. You might easily find in western Canada three or four different kinds of wheat that would go into a number four grade.—A. No question about that.

Q. You might very easily have a type sample of wheat that was put into number four because it was rusty, and you might have a type sample that came from an area which had a drought that year, and the wheat was thin and light; still another which was frozen and put into that grade on that account; still

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another which was bleached white, which would go in there on account of the colour, and another that would go in on account of sprouts. You might just as well argue that you would set up four or five types to go into numbers four, five and six as to argue that at the Pacific ports you would have another standard set up.

Mr. GARLAND (Bow River): Was there a question you wanted answered?

Mr. ROSS (Moose Jaw): I was asking Mr. Fraser if that was not a fact.

The WITNESS: These types are found every year.

Mr. DONNELLY: The different grains in the northern part of the provinces are different types from those in the southern parts?

The WITNESS: Yes.

*By Mr. Donnelly:*

Q. Then is it not a fact that in a year or two, with the opening up of the Hudson's Bay, we will have to have a type for the Atlantic coast, a type for the Pacific coast, a type for the head of the Lakes, and still another type for the Hudson's Bay?—A. I agree with you.

Q. You said there were 88,000,000 bushels of wheat being shipped through British Columbia to the Pacific coast. Would not a lot of that come from Saskatchewan?—A. A certain amount of Saskatchewan wheat goes to Vancouver at different times.

*By Hon. Mr. Malcolm:*

Q. Mr. Fraser, supposing the western wheat growing area as a whole was not all under the jurisdiction of one government, but there were three countries, one shipping its product to Vancouver, one via the Hudson Bay, and one via Fort William, divided into the areas which would naturally feed those respective ports; would those three areas all grade their wheat the same?—A. On the same standard?

Q. Yes.—A. No, I think not.

*By Hon. Mr. Stewart:*

Q. I feel perhaps there would be some advantage in having two standards as between Winnipeg and Vancouver, for the reason that if you draw an imaginary line west of Lethbridge through Bassano, and from there coming out somewhere about Macklin, you have all that portion of Alberta in which the grain is similar or nearly similar to the grain grown in the eastern province. Then if you take the area on the other side of that imaginary line you would have wheat of a type very similar to that grown in Alberta. I claim that the wheat grown in northern Saskatchewan is no different from that grown in Alberta. No one can distinguish very much difference so far as I can see. Even if you open up the Hudson Bay to-morrow you would have a type of grain going out of these ports, Vancouver and Hudson Bay, very similar, but undoubtedly different in type to that passing through Fort William, which is largely drawn from Manitoba and the south central part of Saskatchewan, or would be in the future. That is the difference in type, and the extent to which it affects the price on the Old Country market would be reflected in that.

*By Mr. Garland (Bow River):*

Q. Yesterday Mr. Gillespie made a somewhat startling statement which perhaps requires further investigation. He pointed out that the farmer was selling his wheat on the average of the standard. I mean his wheat was being bought from him on the minimum of the standard. Now, the farmers had to be above that minimum; they had to be the entire distance from the minimum of the grade to the maximum. But that the wheat shipped overseas was almost

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always pretty close to the minimum of the grade, and he suggested that instead of using the minimum standard it might be better to change the method and use the average of the grade as the standard. I know it at once caused some of us to ask ourselves whether we would not create some complications, and I want to ask your opinion as to the possibility of using the average of the grade as a standard instead of, as you do now, the minimum.—A. That is for Old Country buying?

Q. I presume so. Mr. Gillespie did not make that clear, but I took it he meant it to have exactly the same relationship that the minimum standard has to-day.

The CHAIRMAN: Mr. Gillespie is here and can clear that up.

Mr. ROSS (Moose Jaw): What changes are you suggesting?

Mr. GARLAND (Bow River): I am not suggesting any changes; I am asking Mr. Fraser for his opinion as to Mr. Gillespie's proposal.

The WITNESS: So far as making up and using an average sample instead of the minimum, I think it is out of the question. Supposing I was putting an average sample up to a deputy inspector telling him that that is what he had to grade number three northern by; the first question he would ask of me would be how far he could go below that and still put it into number three northern. A standard is useless unless it shows a starting point.

*By Mr. Garland (Bow River):*

Q. In your opinion, Mr. Gillespie's proposal would be valueless?—A. It would be valueless.

*By Mr. Coote:*

Q. Under the present system are we to understand that a standard sample is the minimum of the grade?—A. The standard sample as established represents the minimum quality for that grade; it is not the minimum in weight. For instance, you take number one Northern; the definition places sixty pounds per bushel as the minimum weight. There is no standard sample made up weighing sixty pounds to the bushel, because you can not get it; it usually weighs from sixty-one to sixty-three pounds, but the standard sample will show a maximum percentage of damage which may be allowed.

Q. When you grade wheat out of Fort William would you say that the bulk of it goes at the minimum?—A. No, I would not say that. I would say that shipments out of Fort William go out above the minimum; slightly above the minimum—well above in some places.

Q. I presume any sample that is well above the minimum would be worth a little more than a cargo which was just at the minimum—of more intrinsic value?—A. Of course that is possible. There is usually a spread of three or four cents between the grades. When there is a spread of three or four cents intervening, it probably would be worth a little more.

Q. The impression I got from hearing Mr. Gillespie's statement was that you make a practice of endeavouring to keep the quality of the cargo somewhat above the minimum?—A. That is right.

Q. You send the minimum to the Old Country as a sample of what our wheat is expected to be?—A. It represents the minimum quality of wheat they can expect to receive at any time.

Q. According to your own statement the bulk of our shipments would be above that?—A. Yes.

Q. Then does it not appear that it is quite probable that the Old Country buyer is getting the advantage of that increase in quality between the standard minimum and that which is actually delivered to him?—A. Of course, I do not know that the Old Country buyer buys our wheat on that minimum sample. I do not know on what he bases his price.

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Q. You are quite satisfied that all these cargoes are above the minimum?  
—A. Yes. I would say that the shipments out are above the minimum.

Q. If the Old Country buyer is getting that advantage at the present time, would that situation be entirely changed if Mr. Gillespie's suggestion were adopted, that is, that the standard simply be a type sample instead of a minimum?—A. Mr. Gillespie's suggestion was that it would be the average. That would make it a type sample, and would really mean nothing.

Q. Mr. Gillespie's words were "type sample"; somebody else suggested an average. You do not know that the buyer in the Old Country is not basing his price on that standard sample?—A. No, I have no way of telling.

*By Mr. Garland (Bow River):*

Q. He might be buying it, for all you know?—A. For all I know.

*By Hon. Mr. Malcolm:*

Q. Mr. Fraser, is it not a fact that you have to have a sample which is the minimum of the grade to guide your inspectors at country points?—A. Yes, sir.

Q. And if you did not have that minimum, but had an average, it would be very difficult for your inspectors to give a man a grade which was below that average? They would have to have something to show how much they could go below the average?—A. Yes.

Q. When your grain goes out of Fort William to the Old Country buyer he has a sample of the minimum of the grade he may expect to receive long before the shipment comes. Then it is to be presumed that he will know by analysis what the milling and baking qualities of those samples are?—A. Yes.

Q. And to some extent he will determine his price on the minimum of the grade he will receive? You admit that the sample that goes out of Fort William is higher than the minimum of the grade. I am informed—and I want to know if my information is correct—that the British miller always follows the average of the cargoes coming over during the season, and that he not only has the minimum which you set to guide him in setting his price, but he also has the average of the cargoes coming over shown to him so that he does know how much the cargoes are above the minimum sample sent him?—A. That is correct.

Q. He has two guides: the average of the cargo sample as well as the minimum sample?—A. Yes.

Q. Now, the point on which I want you to give us some evidence is, how many complaints have you had from the Old Country that our grain has been shipped below the minimum, in the past two or three years, and of those appealed how many have been sustained?—A. We have had not more than fifteen or sixteen complaints for the last three years. The complaints were, of course, in some cases, that the shipments were not up to the samples. Samples were sent back, and in every case I examined the samples sent over and they were very similar to that Vancouver case that I mentioned a while ago. I claim that that shipment was fully up to the standard, if not better, although it may not have been as good in colour the intrinsic value of the grain was if anything higher than the standard sample.

Q. Probably you can explain something more to the committee, which I think some of the members thereof would like to know. If a British buyer does complain that he has received a cargo that is not up to the minimum sample, and you say it has only happened fifteen times in the last three years, what arbitration has he at his disposal to judge his claim?—A. He, of course, makes his claim to the Board of Grain Commissioners, and they submit the claim to me for investigation; and in every case I investigate the matter by examining the samples which have been submitted by the claimant

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on the other side, and the samples of the shipment taken on this side. For the last two years we have been sampling all cargoes of wheat at the eastern Canadian ports; and in any case in which a claim is made, the samples which have been taken from that cargo at St. John, Halifax, or Montreal, are submitted to me and I examine them carefully and report to the Board my findings.

Q. And is that final?—A. That is final, as far as I know.

Q. Our certificate is final, and he has no other redress?—A. No. In case of an error, and there have been one or two cases where errors have occurred in loading, and I have found that the claim was justified, a settlement has been made by the company shipping the grain.

Q. How many of the fifteen cases submitted would you say have been sustained—how many of the fifteen claims have been sustained?—A. Not more than three of them.

Q. So that there really have been three cases only of cargoes going across in the last three years, where the continental buyer has had a right to complain that grain was below the minimum?—A. Yes, that was my finding.

*By Mr. Bancroft:*

Q. The Chairman of the Central Selling Agency of the Pools told the committee that the certificate was as good in England as a bank note.—A. I have had very few complaints about it, so that I take it that it is accepted readily in the Old Country.

*By Mr. Millar:*

Q. You told us that there were three cases of complaints on grain, in which the claim was accepted?—A. In two of the cases those claims were paid by the elevator loading.

Q. Was it in any case paid by a company which had received inspected grain?—A. Yes, there was one case in which the company did pay it.

Q. They had received grain which had been inspected and reported up to a certain grade.—A. In that case it was oats which had been kept through the winter and had gone a little off. It was graded at Fort William and shipped east and remained in storage all winter, and was shipped the next spring, and had gone out of condition during storage.

*By Mr. Lucas:*

Q. Those samples were mainly wheat?—A. Yes.

*By Mr. Brown:*

Q. We were told you had three samples. On what standard do you grade on the Appeal Board, is it on the composite sample, or is it on the average, or is it on a minimum, or is it as it should be, according to the Grain Act, the average coming out of the public elevators, the standard that the grain coming out of the private terminals should be. Now, what standard do you grade by, for shipments going to the Old Country?—A. If it is necessary to use the standard at all, I have used the minimum standard.

Q. Not the standard of the average coming out of the public elevators at all?—A. No, we have the average, of course.

Q. That average coming out of the public elevators might be below the standard set, might it not?—A. Yes, we have found a shipment which was below it.

Q. Then, according to the Grain Act, a man could not substantiate his claim because the Act said that it was to be as good as that average coming out of the public elevators, and there would be nothing else to do?—A. I might say that that composite sample is only made up as a guide to the Inspectors at the elevators at Fort William, with the intention of holding them up to where the shipments would be right.

[Mr. J. D. Fraser.]

Q. Which do the Appeal Board finally agree on?—A. The Appeal Board never use the composite sample.

Q. Do they not use the average coming out of the public elevator?—A. They have been supplied with it; but I have never been in when the Appeal Board was meeting, so that I could not tell you.

*By Mr. McMillan:*

Q. How do we get the average coming out of the public elevators?—A. From the cargoes coming out of the public terminals.

*By Mr. Ross (Moose Jaw):*

Q. The Grain Act says with respect to grain coming from private terminal elevators, that the inspection department grades it on a composite sample at Fort William. Is that not correct?—A. The composite sample is used for a guide. I would not say that every shipment is kept up to those composite samples, because I figure that they are made very high. In some cases they would be higher than out of the public terminals.

Q. The Act says that it shall be up to the average of the public terminals. But if a man owning a private terminal elevator goes to ship out a cargo, that cargo is above the minimum grade. The inspector, in grading it with his composite sample as a guide, gives him a lower grade than what he thinks he should get, and he can then appeal?—A. Yes.

Q. And on his appeal, provided the cargo sample is above or as good as the minimum grade or the standard set by the Grain Act, he wins his appeal. Is that not the case?—A. Well, I suppose those samples out of the private terminal at Fort William with the average out of the public elevators are placed before the Appeal Board.

Q. In your opinion, is there much difference between the average out of the public terminal and the minimum grade of the standard?—A. Well, there is not a great deal at times; at other times there is a plain difference. You will find that in all cargoes; some are much better than others; some are really good and others are lower.

*By Mr. Millar:*

Q. I do not know whether you meant it or not, but you said a moment ago that sometimes the average out of the public elevator is lower than the standard. Did you mean that?—A. Well, we had one cargo last Fall which we had to turn down; to a lower grade. It was appealed and inspectors grade sustained.

*By Hon. Mr. Malcolm:*

Q. It was not the average of the whole outturn?—A. No, it was the average of that one shipment.

*By Mr. Millar:*

Q. According to Mr. Symes' report there is no such thing as a public elevator to-day. He said that they were mixing in all elevators, so that they do not try to supervise to see that separate grades are kept in particular bins, so that there is no standard set for that coming out of the public elevator.—A. I do not think Mr. Symes was justified in saying that he knew that there was mixing of grain. I do not know it.

Q. He said that there was no supervision of binning.—A. No, there is no supervision of binning.

*By Mr. Brown:*

Q. When did that cease?—A. As far as I know, it ceased about seventeen or eighteen years ago.



Q. About the time it started?—A. Yes, about the time it started.

*By Mr. Donnelly:*

Q. Why?—A. It was found impracticable.

*By Mr. Coote:*

Q. And since you became chief inspector you have not tried to put it into force, have you?—A. There is nothing in the Act requiring it to be done, as far as I know.

Q. Speaking to Mr. Malcolm, you said that about fifteen or sixteen shipments had been complained of during the last three years,—I am not sure of the number.—A. I do not know, but it was about fifteen or sixteen.

Q. I was wondering whether after you go back you could make out a statement for the Committee showing the names of the vessels about which the complaint was made regarding the cargo, the number of bushels involved, and just what the verdict was in each case, and whether any settlement was made.

Hon. Mr. STEWART: And who shipped the grain.

Hon. Mr. MALCOLM: I think I have that in the office, Mr. Fraser.

The WITNESS: I think complete copies were made of that.

*By Hon. Mr. Motherwell:*

Q. May I supplement that by asking if these fifteen complaints represented individuals or corporations? For instance, Mr. Urquhart made certain complaints on behalf of the Liverpool Corn Exchange. He would be speaking for more than one, would he not?—A. Yes. These would be individual complaints on an actual cargo.

Q. Let me read one extract from page 182 of last year's evidence:

"In years gone by, complaints were few and far between, but since the Autumn of 1926 they have been very numerous, and the confidence which the trade used to place in Canadian Certificates has been badly shaken."

Now he is speaking, as I understand it, for all the millers and dealers belonging to the Liverpool Association.—A. Of course, those are complaints made to that Association which have never reached myself or the Board.

Q. What is that?—A. The individual complaints which might be made to cause that letter to be written have never come to this side.

*By Mr. Millar:*

Q. As to the uniformity of the output from the public and the private elevators, which gives the most uniform output?—A. That is pretty hard to tell, Mr. Millar. We get a variation in the cargoes out of both private and public. There is no marked difference. If you did not see the name on the ticket in the sample you would not know whether it came out of a private or a public elevator.

*By Mr. Donnelly:*

Q. You say it was found impossible to keep the grades separate. Would there be any difference, if you had to keep only six grades separate from each other?—A. The trouble with the inspection department, for instance, supervising the binning of any grain is that I do not believe it could be done successfully unless you had control of the elevator.

Q. You do not think you could put men enough in there to see that the various grades are kept separate and distinct and supervised?—A. For instance, when you are unloading grain at the public terminal, if it requires dockage it is put into one bin to be cleaned and then put into another. They are always transferring grain in the cleaning. Then if a bin gets cleaned out they put other grain into it.

[Mr. J. D. Fraser.]

Q. That could be done by your men as well as by those running the elevators?—A. Yes, and if we were supervising the binning of the grain in an elevator and a mistake was made,—and mistakes are being made in public terminals as well as in other places,—and when it came out the grain was not up to grade, the elevator man would say, “You put it in there and you have to take it out.” It would relieve them entirely of responsibility; which would be a bad thing for the inspection department.

Q. What would happen then, in respect of that, at the present time?—A. We would turn it down in grade, and it would be up to the elevator people.

*By Hon. Mr. Motherwell:*

Q. In what essential respects do the public terminals differ from the private terminals?—A. Well, there is no mixing in the public terminals.

Q. I understood Mr. Symes to say that there was?—A. I do not think Mr. Symes was right in saying that there was.

*By Mr. Ross (Moose Jaw):*

Q. Was this not Mr. Symes’ statement, that he could not say that there was and he could not say that there was not?—A. Yes.

*By Hon. Mr. Motherwell:*

Q. When they are loading to bin, is that not where the mixing starts?—A. That is where they could start it.

Q. When they took off the supervision would not they go to it?—A. The only thing is, that it puts the responsibility up to the elevator.

Q. What was done prior to that, was there not a government inspector at the bin?—A. Prior to what time?

Q. Say eighteen years ago?—A. That was tried, but only for a very short time, I do not know whether for more than one season or not.

*By Mr. Fansher (Last Mountain):*

Q. In connection with the certificate Mr. Bancroft spoke about, which he said was as good as a bank note, the Honourable Mr. Motherwell referred to some complaints from the corn exchange. When the Saskatchewan Pool officials were here, I saw two certificates, one with the specific wording from Fort William or Port Arthur, and another and different certificate from Montreal. Does that condition obtain, or did that just happen? Will you explain that situation?—A. There would be no western grain shipped out of Montreal on a western certificate issued at Montreal. All western grain that is shipped out on a western certificate goes through on the Fort William certificate.

*By Mr. Millar:*

Q. Tell us the difference between your authority at Fort William and at Montreal; have you any authority at Montreal?—A. Yes, about the same as at Fort William. I have the supervision of the inspection staff at Montreal, in the same manner as at Fort William.

Q. Have you control over the inspector who sends it out on an eastern certificate?—A. Yes.

Q. He sends it out on your authority?—A. Yes.

*By Mr. Coote:*

Q. Do you use the same standard there as at Fort William?—A. All grain shipped out and inspected at Montreal is shipped out on the eastern standard set by the Eastern Grain Standards Board at Montreal.

Q. Are you referring to western wheat?—A. No, to eastern wheat, wheat that a certificate would be issued on at Montreal. All wheat shipped out carrying a certificate issued at Montreal would be eastern wheat.

Q. Any wheat covered by a certificate designated as Manitoba Northern would have a different certificate as Western wheat?—A. Yes. It would come right through; there would be no such certificate issued at Montreal.

Q. Do you have inspectors at Montreal to see whether that wheat going on the boats at Montreal is equal to the standard put out at Fort William?—A. The last two years we have been sampling all cargoes shipped out through Montreal, St. John and Halifax, covered by One, Two, Three and Four certificates. We have sampled all cargoes of One, Two, Three and Four.

Q. But do your inspectors have to pass upon those cargoes?—A. No. We just take the sample and file it, and in case of a complaint we have these samples on file. These samples after they are taken are examined by the deputy inspector at Montreal.

Q. Suppose that in his opinion it was not up to the standard set at Fort William, what could the inspector do about it?—A. I was at Montreal over the week-end, and I went over about twenty-five samples of shipments from West St. John during the last two months, and they were all O.K. There was no complaint about any of them.

Q. But if there was one cargo not up to standard, or which in the opinion of the inspector was not up to the standard, just what redress could you give to the purchaser in the Old Country who was receiving that grain?—A. I would not do anything with it. That sample would be forwarded to me at Winnipeg. I would not do anything until we got a complaint about it. After we got that I would make my judgment in accordance with what I found in the Montreal sample at West St. John.

Q. You would have no authority to give that man any redress?—A. No authority.

Q. Would it not be better to have your men at Montreal instructed not to allow these cargoes to go out on these certificates unless they are up to standard?

Hon. Mr. MALCOLM: Which certificate?

Mr. COOTE: Western division certificates.

WITNESS: At present we cannot do that because the Grain Act forbids any reinspection of western grades. We can simply keep the samples on file.

*By Mr. Coote:*

Q. The western inspection division goes how far?—A. To Port Arthur.

Q. So that it is really turned loose then so far as you are concerned?—A. Yes. If it goes out at Montreal, we can sample it.

Mr. Ross (Moose Jaw): It is held intact, rather than let loose.

*By Mr. Coote:*

Q. It might go through the transfer house at Goderich or Owen Sound, be put into a car for Montreal, loaded out of the car into the elevator, and then transferred to an ocean boat?—A. Yes.

Q. There is no inspector there to see that the grain goes out under the proper certificate?—A. No, he does not go to that length. He samples the shipment as it goes out at Montreal and West St. John.

Q. In answer to the Minister you said that the cargoes were secured in the Old Country, so that the buyers could inspect them at any time. Can you tell us what provision is made for securing samples to make an average sample for buyers in the Old Country?—A. We do not secure any. The general sample in the Old Country is a sample of the cargo as it is being unloaded from the ocean boat into the lighters or barges by the party who owns the grain, not by our commissioner.

Q. I understood you to say samples from these cargoes were taken, average samples were taken from the cargoes; that was certainly the impression I got.

[Mr. J. D. Fraser.]



*By Hon. Mr. Malcolm:*

Q. I think the inspector and the Committee should realize exactly what happens, because it is a simple process after all. A man at the Liverpool Corn Exchange has a shipment of a million bushels coming. When it arrives at Liverpool he takes a fair sample and puts it on the Corn Exchange table. They know what the run of that cargo is from that. As to it being a fair average sample, that is up to the man selecting it or offering it to his customer?—A. Yes.

Q. If he takes a sample out of the barge and the sample is above the average, he will not be able to sustain the sample when he delivers the shipment to his customer?—A. No.

Q. The barge has passed out of the hands of Canada and the buyers will have a claim against him?—A. Yes.

Mr. Ross (Moose Jaw): He buys on the certificate, with the evidence in front of him as to what he is going to get.

*By Mr. Coote:*

Q. I thought that anybody reading the evidence would gather the impression that an average sample was made from these cargoes?—A. We do not make the average.

Hon. Mr. MALCOLM: He knows what average he is getting; he has the samples before him all the time.

*By Mr. Millar:*

Q. I felt rather in sympathy with the proposal made in answer to Mr. Donnelly, but I was also looking for loop holes. Supposing that it was provided that all straight grade grain should go into public elevators, would it be easy, in your opinion, for the country buyer at the country elevator if he had the top of the grade he wanted, to go to the public elevator, and if he had a choice car, would it be possible to slip something into that car which he wanted for the public elevator and yet not damage it to any great extent?—A. Of what nature?

Q. Something which would prevent it going into the straight grade. What types of grain could he put in there not in any great quantity, so that it would not go into a straight grade?—A. It would be possible for him to make a mixture of oats, to put in ten, fifteen or twenty per cent of oats, which could be separated later.

Q. And send it to the private elevator, where it could be separated, and he would have what grade?—A. It would be graded C.C. to the grade it belongs to. It could go to the public elevator, but it would be a straight grade, subject to taking the oats out.

Q. I wanted to see if there was any loop hole, to see if there was anything which he could slip in that would prevent him putting it into a public elevator and yet not seriously damaging it for the purpose for which he wanted it mixed?—A. I do not know what he might put in to prevent that without reducing the grade.

Mr. BROWN: That is a hypothetical question, which he cannot answer.

*By Mr. Donnelly:*

Q. If there is no supervision in the public terminals, why not make them all private terminals?—A. All public terminals have to make statements to the Board of Grain Commissioners, showing the amount of grain received by grade and the shipments by grade.

Q. Why have them at all at the present time, if they are not used and not supervised; they might as well all be private terminals?—A. Yes; as far as I can see, they might as well be all private terminals.

[Mr. J. D. Fraser.]

Q. What are they used for, for what purposes?—A. For storage purposes. A shipper in the country can bill his grain to the public terminal, if he wishes.

Q. Then it can be diverted at Winnipeg?—A. Not unless he gives permission.

*By Mr. Brown:*

Q. I would like to ask two or three questions in regard to the average of the out-turn of public terminals. I believe the law says the out-turn of the private terminals must be equal to the average of the out-turn of the public terminals. Is there such an average sample taken, by which the inspectors can be guided?—A. The Act does not use the word "average", Mr. Brown. It says it shall be equal to the run of the general bins, of the public terminals.

Q. Do they procure a sample then, or how do they get a sample from the public terminal; by which to match the out-turn of the private terminal?—A. We take average samples, every season, of the grain as it is being unloaded into the public elevators and average samples of the grain as it is being loaded into the private terminals at Fort William. That is what we make our composite samples of.

Q. The out-turn of the public terminals this year then is used as a standard for the out-turn of the private terminals for next year?—A. Oh, no. Of course you can only get the average going into a public terminal, from the wheat that has gone in up to the present time, for this crop.

Mr. BROWN: I am always suspicious of judging things by averages.

*By Mr. Donnelly:*

Q. It does not say "going in" it says "passing out"?—A. Yes, it says passing out. We take an average going out as well.

*By Mr. Garland (Bow River):*

Q. As a matter of fact you do not grade on that basis at all, do you?—A. We have that sample there, and we use it.

Q. I thought we were informed by the inspectors at the head of the Lakes that they use the composite sample?—A. Yes, we use the composite sample.

Mr. BROWN: You will have to come to the point where you can judge a cargo upon its own merits, and not upon anything else.

*By Mr. Garland (Bow River):*

Q. They use the composite samples to guide them?—A. Yes.

Q. So the average out of the public elevators is rather a dead letter, as far as that is concerned?—A. We have it in the office, and we can compare it.

Q. It is a nice little picture—a nice little bottle—but you cannot use it?—A. No, and it is not a very nice picture.

Q. In other words, it is de-graded in the public elevators?—A. No, I would not say it is de-graded in the public elevators?

Q. It is wholly in the minimum?—A. We found in one case it was.

Q. And the samples on the whole were pretty poor samples to judge grain by?—A. Well, I would not say they were poor to judge grain by, but the quality of them was nothing extra.

Q. I would like to get back to Mr. Donnelly's question for a moment or two. You have intimated that the supervision of special binning in the public elevators is not practicable?—A. It looks that way, to me.

Q. Would the supervision of the binning in private elevators be any more practicable?—A. Worse.

Q. If Parliament decides in its wisdom, to provide for the abolition of mixing, in the standard grades, that is in the grades we now know from one to six, including possibly tough damp wheats, and those that can be cleaned, would you be able to send those particular grades to special elevators under the exist-

[Mr. J. D. Fraser.]

ing system and properly supervise the binning, so as to be able to definitely state there would be no mixing?—A. Of course, we would have nothing to do with the distributing of cars to the elevators. That is under the railways, or the owners of the cars.

Q. That would be a difficulty?—A. Yes. We would have no say in that whatever.

Q. Frankly, I am coming more and more to this opinion and I may as well state it here, that something is necessary to prevent the uncontrolled mixing of wheat to-day in the private elevators. I do not think that any producer in western Canada is in discord on that. What we want to get at is the practical side of it. In your opinion, if it is made the law, if it is prohibited by law to mix the straight grades of wheat, what will be the difficulties in carrying out the law at the terminal elevators? I have no desire to ask Mr. Fraser to answer those questions to-night, but, if Mr. Fraser would regard that, in the parlance of the Speaker, as a notice of motion, I would like him to come to-morrow prepared to place before the Committee a statement of the practical difficulties of the prohibition by law of mixing by private elevators.

Mr. Ross (Moose Jaw): Would you add to that: and what in his opinion, could be done with the wheats that were not straight grades?

Mr. GARLAND (Bow River): Yes, by all means. We want you, Mr. Fraser, as the Chief Inspector of all grain, a man who has a wider experience than any of us in the practical warehousing and handling of the crop, to tell this Committee how we can improve that condition by special attention to the mixing process?

The CHAIRMAN: We will let Mr. Fraser think that over until to-morrow.

Mr. GARLAND (Bow River): Yes, I think so.

The CHAIRMAN: We will meet to-morrow then at eleven o'clock.

The witness retired.

The Committee adjourned until Friday, April 19, at 11 o'clock a.m.



## HOUSE OF COMMONS,

April 19, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. W. F. Kay, presiding.

JAMES D. FRASER recalled.

*By the Chairman:*

Q. Mr. Fraser, at the conclusion of yesterday's sitting Mr. Garland had submitted some questions for your consideration.

The WITNESS: Mr. Garland's question was that if mixing of the straight grades was prohibited, what would be the difficulty in carrying out the law at the terminal elevators. If the mixing in straight grades is prohibited and all elevator operators live up to the law, there would be no difficulty. If there is danger that they will not live up to the law, then some supervision is probably necessary, and naturally this would be governmental supervision. It would really amount to supervision of binning. The question which Dr. Donnelly asked me yesterday, if it were possible to carry it out, caused me to reply that I believed it was impracticable and I still believe that supervision of that nature is impracticable, but not impossible. It is possible to carry out such supervision subject to the errors and omissions to which the human element is heir. Supervision of elevators in this matter would not be only supervision of the binning; the supervision would have to start from the unloading of the car, the transferring of the grain from the pit to the scales, from the scales to the conveyors on the top of the bins, and to the bins, and later on drawing the grain from the bins at the bottom along the conveyors and up the elevators to the cleaning bins, and to the cleaners, and from there elevated to the conveyor on top of the bin and back to the bin and later again drawing it out, conveying it to the leg and up the leg to the garner and the scales and from the scales to the shipping bin and from the shipping bin to the boat or cars. Complete supervision would have to be given from the start to the finish. To supervise the binning alone would not be sufficient; it would not only be necessary for the government officials to supervise the actual transfer of that grain on the machinery, belts and conveyors and the legs of the elevator, but it would be necessary to also check the operators of that machinery to see that they were carrying out the work they should be doing at the proper time. To take care of the amount of work that would be necessary in connection with all that supervision, it would require quite a large staff at every elevator at the head of the lakes and at the Pacific terminals, and I presume this would apply also to private elevators in the interior of the West.

*By Hon. Mr. Motherwell:*

Q. There would have to be a man watching every other man there.—A. It would require several men to watch the operating of that, because it would be necessary to see that they were doing their work, as well as the machinery.

Q. Do you not think they need watching?—A. I have no reason to believe they need watching. I believe that there are honest men amongst them.

Q. You do not think the law will carry itself out, do you?—A. No. I would expect, if this mixing is stopped on the straight grades, supervision will be necessary.

[Mr. J. D. Fraser.]

*By Mr. Garland (Bow River):*

Q. Do you not think that the trade might become so unprofitable that these honest men would leave the operation?—A. I cannot answer that.

*By Mr. Campbell:*

Q. Would it be possible to bring that about by making the out-turn agree with the in-turn; that is, by making it necessary for them to show the same amount of grades out as they showed in?—A. A check of that nature is in force at the present time for public terminal elevators. Public terminal elevators make statements to the Board of Grain Commissioners showing the amount of each grade received and the amount of each grade shipped out, and then these elevators are checked by a weigh-up each year, with a penalty if there are overages over a certain amount, the overages go to the Board of Grain Commissioners.

Q. Do you consider it practicable to apply that to all terminals?—A. Well, it could be applied. Of course, at the present time, a public terminal operator has no incentive to do mixing.

*By Mr. Vallance:*

Q. He has nothing to do it with?—A. There is no incentive to do it.

Q. There is nothing to mix with?—A. Of course, that might not even stop him. There are grades that might easily be put in, even under those conditions, after being given some treatment.

*By Hon. Mr. Motherwell:*

Q. Might I, Mr. Chairman, draw attention to what Section 86 says, with regard to binning and storing?—

86 (1) All grain of the same grade in public terminal or public elevators shall be kept together and stored only with grain of a similar grade, and a selection of different qualities of the same grade is prohibited.

That looks to me quite mandatory. Then to show how particular they are in that respect the sub-section says:

Should grain of different grades be loaded together in the same compartment of any vessel or car at any point within the division, a certificate shall be issued for such mixed shipment which certificate shall have written across its face a statement of the quantities of each grade entering into the composition of such shipment, but no certificate for a straight grade shall be issued for such mixed shipment.

So the inference is, as well as the straight mandatory statement, that they shall be kept separate; each particular grade shall be separated from each other separate grade.

Section 87 says:—

All grain stored in public terminal elevators shall be subject at all times to the direction, supervision and control of the Board of Grain Commissioners and of any official designated by them.

It is all under the control of the Board now?—A. Yes, in public terminals.

Q. Yes, in public terminals. Of course, there was supposed to be a distinguishing feature between public and private terminals inasmuch as the public terminals are not supposed to mix, but there is nothing to indicate that that is so, and since there is no supervision there is just as likely to be mixing as no mixing?—A. In public terminals.

Q. Yes. That was admitted by Mr. Symes. There was segregation of the minimum grades there, and segregation of types, as you know, is certainly one of the most vicious types of mixing. But what I want to point out is that Sections 86 and 87, so far as applying to public storage and binning, put it completely under the supervision of the Board of Grain Commissioners, or any official appointed by them?—A. Of course, the actual supervision of binning in public elevators is not applied.

Q. Not applied?—A. No.

Q. And has not been for many years?—A. And has not been for many years.

*By Mr. Lucas:*

Q. If you increase the standard of the outturn, would it not fairly eliminate a good deal of the mixing?—A. Yes, undoubtedly it would.

Q. Well, some time ago we had representatives of the pool before this Committee, and they made a suggestion to, I think, increase the standard of the outturn, taking 75 per cent of the average with 25 per cent of the minimum and making that as a standard for the outturn. In your opinion, what effect would that have? Is it practical in the first place, and what effect would it have?—A. Seventy-five per cent of the average and 25 per cent of the minimum of the sample would make a very high standard sample. It would prohibit mixing to a large extent. There is no question about that, provided that the Inspection Department could hold the elevators to that standard in every case.

*By Hon. Mr. Malcolm:*

Q. They could if it was defined in the Act?—A. Yes, if it was defined in the Act, and that is what it would have to be.

*By Mr. Bancroft:*

Q. Would there be any danger of that raising of the standard going out of the terminal being reflected back into the grades applied to the farmers grain in the country?—A. There might, to a certain extent. At the present time, the instructions given to the deputy inspectors are, when they come across a car where there is a question as to whether it is quite up to the standard, for instance, of No. 2 Northern, they are to give the benefit of the doubt to that car. Now, it might be slightly below that standard. I might say it was below. The inspector who is grading it might say he believes it is above. If we had to live up to a very high standard we might have to be a little stiffer, especially with those line cars passing at the initial inspection points.

*By Mr. Lucas:*

Q. Would that prevent the skimming of wheat that we hear so much about? The grain firms would not be free to divert this grain, because in order to keep up to the outturn sample they would have to take all the good grain coming in and they would not be able to divert it to the mills?—A. Yes. I do not see how any diversion could take place of the higher qualities of grain, and expect to keep it at a standard up to that 75-25.

*By Mr. Donnelly:*

Q. What would happen if all the line cars were sent to your public elevators? How would you grade this up?—A. Grain at a public terminal can be put out on a minimum standard sample.

Q. Then it would not be kept up to this 75-25 standard at all?—A. I do not think you could expect a public elevator to live up to that standard.

Q. Then you would have to close them up?—A. Yes.

[Mr. J. D. Fraser.]



*By Mr. Campbell:*

Q. You would put the public terminals out of business?—A. If you expect them to live up to that standard of 75-25, you would put them out of business.

*By Mr. Garland (Bow River):*

Q. Do you say you would put them out of business?—A. Yes, I believe you would.

*By Mr. Donnelly:*

Q. You would not put the public terminals on the same standard at all?—A. I do not see how you possibly could.

Q. You would have one standard going out of the public elevators and another standard going out of the private elevators on the 75-25 basis; that is, two classes of grain going out from the same point?—A. In practice, that would happen.

*By Mr. Lucas:*

Q. As I understand it, at the present time, the public elevators get the lower qualities of grain first, because of the skimming that goes to the private elevator for mixing. If the private elevators had to keep up to this outturn and no skimming was done, then the public elevator would get the high class grain just the same as the other?—A. Certainly.

*By Mr. Donnelly:*

Q. But, Mr. Fraser, the private terminals will take anything that is up to the average or above it, and they will leave nothing but that below it to go to the public terminals and they never could get up to the 75-25 standard.

*By Mr. Coote:*

Q. A little while ago, Mr. Fraser, you said in answer to some question that if the public elevator had an overage in any grade a certain percentage of that was taken as a penalty?—A. Yes.

Q. Now, what penalty would be placed upon that elevator if they had an overage in the highest grade, and a shortage in the lower grade?—A. After the weigh up, if there should be an overage, for instance, say, in No. 2 Northern, and a shortage in No. 3, the outturn of that weigh-up is presented to me and I make an adjustment there.

Q. You would make them put that in their No. 3 Bin?—A. It would have to be shipped out as No. 3. They would have to apply the overage in the higher grade to make up shortage in the lower.

Q. Regarding the use of this proposed standard of 75-25, that is, 75 per cent of the average at the inspection point and 25 per cent of the standard, if all the crop say of the No. 4 grade were mixed together, would the resulting sample be equal to the standard which it is proposed to use, or have you got that over?—A. There is a chance that it might not. If that standard of 75-25 was made early in the season, and through some climatic condition the No. 4 still to come forward was changed, or if the later deliveries of the No. 4 were made, probably from the northern sections of the provinces, it might be quite unlike the first deliveries. There is a chance that the 75-25 might be too good, if such standards were made early in the season.

Q. And if you insisted in holding the elevators up to that sample on their out-turns, there might be a quantity of wheat which they took in that they could not get out under the same grades?—A. Yes, I think that would happen. For instance, some of the elevators at Fort William have got their feeders in the northern parts of the provinces where the wheat grows more starchy. Now

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the standard might be 75-25 and the average at Winnipeg show a very high percentage of hard vitreous kernels, a higher percentage than the same grades from the north would contain, so that the elevator getting its supply from the northern part of the provinces might not be able to get any of its wheat up to this 75-25 standard, if you lived up to the percentage of hard vitreous kernels that might be in those samples of 75-25.

*By Mr. Garland (Bow River):*

Q. Are there such elevators receiving almost entirely from the north?—A. Yes.

*By Mr. Donnelly:*

Q. The pool representatives said, that from their experience they thought that there would be no difficulty in living up to the 75-25. They said that the grain coming from the north would range all the way from the minimum to the maximum, and that it would average 75-25. They could not conceive of any one district being all down at the minimum?—A. Well, of course, that would apply to the pools' operations, because they have elevators all over the province. Their receipts would be the averages from all over the province. But the private elevator that draws its grain from the north, and there are one or two that do, would have difficulty at times.

*By Mr. Garland (Bow River):*

Q. Take those private terminals that draw from the north, if you bring in this regulation, they would, of necessity, be compelled to secure from other elevators and mix with this wheat?—A. I believe that that would be found necessary at times.

*By Hon. Mr. Malcolm:*

Q. Then you are admitting, if Mr. Garland is right in his question to you, that there are private terminals which get wheat from an area that could not live up to the 75-25, and there are terminals which get grain from the southern areas which would be above the 75-25. That is, the elevator supplies from the one area would make money out of the 75-25 standard?—A. That is possible.

Mr. BROWN: Why should a line of elevators operating a territory that does not produce that high type of wheat expect to get grades higher than the wheat they are actually handling?

*By Mr. Fansher (Last Mountain):*

Q. Can you conceive of an area that grows starchy wheat not having some wheat that just misses No. 2 and gets into No. 3?—A. Oh, yes.

Q. Would the percentage be just as large from one area as another?—A. No, I doubt if it would, Mr. Fansher.

Q. Then there is a straining point, in a certain area in the wheat producing country, of the three provinces, where there is wheat that is not quite good enough for No. 3 but yet put into that grade, and there is more of it that comes from this north country than there is from any other part: is that the situation? A. That is the situation. For instance, we get cars coming in from the north with 100 per cent of starchy wheat, 95 per cent and 90 per cent. We never get that condition in the centre, or the south.

Q. Going into what grade?—A. No. 3 Northern. And the 2 Northern would be in proportion; that is, we would get many cars that just had the 45 per cent of 50 per cent of hard vitreous kernels. The balance would be soft. And the No. 1 Northern would be the same. They would have 60 or 65 per cent of hard vitreous kernels, the balance soft starchy wheat. You do not get those conditions in the centre or the south of the provinces.

*By Hon. Mr. Motherwell:*

Q. That condition you speak about was quite prevalent in the past when there was nothing but Marquis grown in the south. But that is not taking place to-day with the grade of varieties that we have. We do not have as much piebald wheat, for instance, in Reward wheat, and Garnet still more so. However, Garnet is under observation for the moment. Reward wheat is becoming more generally grown in the north, just to overcome that piebald difficulty that is becoming so prevalent in Marquis wheat. Then should Garnet stand the test it is practically free from piebald, and that will displace Marquis to a large extent, and the other condition will gradually disappear?—A. Yes. I believe that what you say is correct, Mr. Motherwell. Of course, we have not seen any carloads of Reward wheat yet. We have seen a great many carloads of Garnet, and I believe what you state is so, that it does not piebald as readily.

Q. You never saw a piebald ear of Garnet?—A. Not to the same extent as the other varieties, and, of course, the introduction of varieties will correct that situation in the north.

*By Mr. Donnelly:*

Q. Supposing you binned all the straight grades, as you say, and we admit it would take a lot of supervision, and that the off grades or those rejected having wild oats or seeds, and so on, are sent to the private terminals and no standard of seventy-five twenty-five is sent up for those, and allow them to be there cleaned and stored in public terminals along with the straight bins, would not that be possible?—A. As to Mr. Ross' question last night, or his question in addition to that of Mr. Garland along that line, I think, Doctor, some of the off grades could be treated and placed in the straight grades. There are a great many grades and off grades. For instance, I made up a list last night covering No. 1 Northern, and I have about forty different grades of No. 1 Northern, and there may be more, because I did not have time to give it all the thought that might be given to it. There are at least forty different grades of No. 1 Northern. Of course there is the straight One Northern, then the Tough One Northern; it is quite possible to correct that toughness and get it into the straight grade. The Act now allows that.

*By Mr. Coote:*

Q. I do not want to interrupt, but I want to be clear. Does that apply to One Northern?—A. To One, Two and Three.

Q. I had an idea that it only applied under No. 1 Northern?—A. One and Two Northern after being treated can be graded as straight grades; Three Northern can be graded as straight grade No. 3.

*By Hon. Mr. Motherwell:*

Q. That is in the option of the Board whether it is graded straight or dried?—A. Yes.

Q. Might I ask a question there? In the year 1927, when our best wheat was No. 3 Northern,—on the European and British markets the best wheat which got there was No. 3 Northern. Would it not be a good idea to rather nurse that grade when it is our top grade, and keep the dry wheat out of it and let the straight Three Northern go on straight? In a year like that, when it is really our top grade, it is the same as No. 1 Northern in another year?—A. Yes, that might be advisable, Mr. Motherwell; but I understand that wheat can be dried without injuring it; in some cases it might be dried and improved. In that case I see no reason why it should not be put into the straight grade.

Q. Under the rush of 1927?—A. Under the rush of 1927, lack of knowledge on the part of some of the men who were operating driers, some of it was overdried. The trouble was that even the Inspection Department was insisting that

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wheat had to be dried down to thirteen per cent; it would have been better if it had been dried down to fourteen per cent, as there would not have been the danger of injury. In fact some of the driers were drying down to twelve and a half per cent, thinking they were making a better job of it.

*By Mr. Gardiner:*

Q. I would like to ask Mr. Fraser what method the Inspection Department would have to determine that?—A. The only real test is the milling and baking test, because the protein test is the same after drying as before.

Q. We have no guarantee then that the provision allowing dried grain to go into the straight grade would not materially affect the straight grade?—A. It might.

I had just got started answering Mr. Donnelly's first question in connection with off grades, and probably it would be well to finish that, as far as I can go with it. I mentioned the Tough No. 1 Northern which after drying might be placed into the straight grade. Damp No. 1 Northern might do the same, but I doubt it. Then there is Smutty No. 1 Northern, it is possible to wash smutty wheat and dry it, and Smutty No. 1 Northern after being treated might go into No. 3. Then you have Damp Smutty No. 1 Northern which might go into No. 3 after being treated. Then there is Rejected No. 1 Northern, for mixtures, rye, barley, cockrell, ragweed, and such as that. A mixture of barley probably could be cleaned up sufficiently to put a No. 1 Northern into Two, or possibly into Three. That would depend upon the mixture of barley, whether it was long or short barley. Cockrell could be removed if the elevators are equipped with the proper machine. Mills can remove it very well, but the elevators are not equipped with machinery to remove cockrell. So that as far as the elevators are concerned nothing could be done with that. Ragweed also it is impossible to remove with regular machines; some of it can be removed, but hardly enough if there is five or six per cent of ragweed in the grain in the first place. Of Darnell we do not see very much to-day, but it is practically impossible to move it, because it is very much of the same size as the kernels of wheat. Mixtures of that nature, if cleaned well, I am satisfied can be put into the lower grades, in small quantities, so that it has no result on the mixed grain.

Then the next I come to is Rejected mixed with heated wheat. Then Rejected mixed with fireburn. Rejected No. 1 Northern mixed with sand and gravel or earth; we get some of those every year. Wheat that has been threshed on the ground and gathered up very often carries considerable sand or earth in it; that of course can be cleaned out; but gravel cannot be cleaned out unless gravel is all large. Then we get cars which have been loaded with coal dust in the bottom of the car, which affects it just the same as smut, only it is worse than smut. Then we have cars of grain which have been loaded into cars with coal oil on the bottom of the car which has affected the grain; that cannot be given any treatment to put it into the higher grade. Then Tough Rejected No. 1 Northern, that is both tough and is rejected because of mixtures of barley, rye, argot, and stuff like that; or it might be Rejected mixed with heated; there are all kinds of complications there. There is Damp Rejected One Northern, Rejected mixed with heated, Damp Rejected No. 1 Northern; Rejected mixed with fireburn; then Tough, Smutty Rejected No. 1 Northern, that is both tough and smutty and with a mixture of barley or rye, and so on.

And then you have Tough Smutty Rejected,—there are about forty-five or fifty classifications which might be given to each grade of wheat, a great many in the One and Two grades that even with the best treatment possible could not be classed higher than No. 3 and even at that they might have to be mixed to get in into No. 3.

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*By Mr. Donnelly:*

Q. Would there be any of it which would go into No. 1?—A. The only one would be tough which dried would go into No. 1. We do not reject for wild oats; to-day we clean it up to sixteen per cent by placing dockage on it. If it runs over sixteen per cent of wild oats it is separated at the elevator, and the wheat goes into the No. 1 Northern. That has no effect upon the wheat at all. With rye and cockrell, of course, there is a difference because they are hard to remove. Smutty No. 1 Northern if it is washed and dried may go into grade; if it is scoured it cannot go into No. 1 Northern; but if it is washed and dried afterwards it may get into No. 1 Northern. If it is rejected and smutty, it is possible to give it sufficient treatment to put it into a lower grade, or by mixing say five per cent, it may be possible to get it in a higher grade. If there is a mixture of gravel, that of course cannot be put into any ordinary straight grades.

I do not know if that is sufficient on that point.

Q. I do not see any objection at all to mixing in private terminals for off grades, and that was the understanding in my question, that if they are off grades they could be put into lower grades in order to market them, there is nothing to prevent private terminals mixing all those off grades. It was only the prohibiting of mixing in the straight grades; and having the off grades mixed or treated if necessary and brought into marketable shape, and then if they were good enough it would be allowed into the straight grades, otherwise they would be sold out of the private terminals as best they could?—A. Of course it is possible to treat some of these in hospital elevators or private elevators or in public elevators, if it were allowed to treat them in public elevators, and get them into the higher grade.

*By Mr. Fansher (Last Mountain):*

Q. I have known wheat sent down that had been cleaned, with practically no dockage at all, and yet it was given one and a half per cent dockage. In fact there was no dockage, in a good grain man's opinion. Why is grain treated in that way with one or one and a half per cent dockage when it has been cleaned with good machinery?—A. Of course I can hardly answer that question without seeing the particular sample to which it refers; but I imagine if a one per cent dockage had been put on by the Inspection Department, that there has been some foreign matter in there. There would be some foreign matter, possibly a portion of broken wheat.

Q. The reason which was given, in the particular case which I have in mind, was that it was a line grade and so close to the line that they allowed a little dockage to make up the difference and let it go into the upper grade?—A. Well, there have been cases where carloads have contained wheat so badly shrunken that really it was only screenings. Dockage might be put on to remove part of that, but it would not be put on there unless there was some other foreign matter besides. We are not supposed and do not make a practice of raising a grade by removing wheat.

*By Mr. Coote:*

Q. Do you understand, Mr. Fraser, have the Appeal Board power under the Act legally to set more dockage than they get through the specified screen? I think there is a certain size of screen specified in the Act.—A. Yes. Even the Inspection Department have that authority. The screen specified in the Act will not remove, for instance, domestic oats that are too large to go through the mesh.

Q. I had a case which I am going to put to you. I had a car of wheat some years ago graded No. 1. That wheat was shipped through the United Grain Growers and sold by them to a mill in Calgary. The mill appealed the grade of that car to the Appeal Board, and the Appeal Board did not increase

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the grade, but they increased the dockage. I saw the wheat in the inspector's office, and everybody that saw it thought that the one and a half per cent which was the original dockage put on was quite enough. The explanation given to me by the grain company was that instead of cutting it down to No. 2,—it was a question whether it was No. 1 or No. 2,—they increased the dockage. Do you know where there was authority to do that?—A. No, I do not. I do not think that even the Inspection Department or the Appeal Board have a right to clean out wheat to raise the grade.

Mr. COOTE: I am glad to have that answer, because I have had several cases brought to my attention where that was the explanation given.

*By Mr. Millar:*

Q. To what extent is segregation or special binning permitted in the public elevators at Fort William? Do the Americans get much grain in that way, and does the Millers' Association get much in that way?—A. There has been practically no special binning in the public terminals at Fort William for some time past. Special binning is done almost altogether in the private terminals.

Q. My Symes said there was something which we do not call "special binning"?—A. We do not recognize it as special binning. When grain is shipped out of that bin we grade it the same as we would grade grain out of any other bin. We do not recognize it as specially binned wheat in private terminals.

Q. The Americans, however, do make selections and get it into special bins?—A. I understand they do.

Q. I remember that in 1922 Mr. Watt said he had arrangements with a private elevator to bin it in that way?—A. I understand that selections are made and wheat is binned according to those selections. It may be One, Two, Three or Four wheat all in one bin. When that comes out we sample it and grade whatever the sample is.

*By Mr. Donnelly:*

Q. Have you any knowledge of how much diverting of wheat is done at Fort William?—A. No, I have no knowledge, but I do not think there is a great deal. The only diversion there could be would be at Keewatin and Fort William, and it would not amount to a great deal.

Q. Supposing we say that all wheat for export should be bin-run, if you like, from public elevators at Fort William, would that not cut out a lot of the diverting that we have at the present time to the American millers,—if you say that all wheat for export must be bin-run?—A. Just what would "bin-run," mean?

Q. Take the No. 1 or the No. 2 out of our public or private terminals, that it must come out of the bin-run of the terminals, in other words?—A. That would all depend upon what went into the bins.

*By Mr. Coote:*

Q. There would be nothing to prevent the elevator company selecting certain cars and placing the selection in certain bins?—A. Of course they could not do that in a public terminal. They could not secure a bin for those selections in a public terminal today without permission being given by the Board of Grain Commissioners for it. Then in that case the party having the special binning has to make special arrangements for the shipment east or wherever it is going.

*By Mr. Donnelly:*

Q. Supposing it was said that all straight grades would have to go into the public terminals, and then that all export wheat must come out of those ter-

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minals, or be graded out of the private terminals in the same way; would not that cut out the diversion of wheat at all?—A. Well, would that be any different from the regulations at the present time requiring grain to be shipped to the same grade in the general bins of a public elevator?

Q. Yes, because at the present time the American grain men come and pick out the cars and send them to the public terminals and place them in a bin. Then they ship it out to themselves, and that practically takes all the top grades shipped for export. Supposing the top grades went into our public terminals—there would be nothing but off grades or grain to be conditioned to go into private terminals—and they had to take the bin-run for export, the same as we send anywhere, and they had have to take the average coming out of our terminals for milling purposes and would not be allowed to take the cream or tops of the grades?—A. Well, of course, if no selection was made at all and the grain was going into our public bins as it was primarily inspected, it would no doubt come out better.

*By Mr. McMillan:*

Q. Come out as it goes in?—A. Sure.

*By Hon. Mr. Malcolm:*

Q. Mr. Fraser, will you give the Committee advice or answer a few questions in connection with this matter of diverting cars of wheat by the mills? Under the Grain Act, as I understand it, section 150 gives every farmer the right to special bin his wheat and have it shipped to any terminal he chooses. That is correct?—A. Yes.

Q. The mills also have their own elevators in the country collecting high-grade wheat for their purpose?—A. Yes.

Q. Now, supposing, in co-operation with the railway companies we absolutely abolish what the pool officials say they have abolished by regulation; that is, the selection of cars en route, with the higher protein content or more suitable milling qualities being sent to the Canadian mills—would that correct the evil which, it has been suggested, exists of having the general standard of our outgoing cargoes lowered; would not the farmer who has the right of terminal destination under section 150 be asked by the milling companies to special-bin very high grade grain and have it shipped direct to their terminal at Port Arthur? How much will you stop of this skimming, or are you going to transfer the skimming from the railroad yards to the farms?—A. Well, there would be nothing to prevent the milling companies from selecting the grain they wish in the country elevators or buying it from farmers even in other elevators in the country, and having it shipped to their mills before inspection takes place. The amount of selection by the mills to-day, or even in the past, I do not believe has amounted to sufficient to materially change the quality of the grain in any way before arrival at Fort William.

*By Mr. Garland (Bow River):*

Q. Mr. Fraser, in the one case you will admit—in the case that Hon. Mr. Malcolm has last cited, where the farmer would be making arrangements direct with the miller, or the miller with the farmer, for the special binning or direct shipment of his wheat to the mill—that the farmer would get the full advantage, whereas in the other case the grain company gets the advantage. You further admit that the same difficulty would continue to exist with respect to the outgoing wheat; that is, the skimming has already taken place of the highest quality of the wheat in Canada, and it is only that which is left over which goes abroad?—A. Yes, that is right. The skimming, to a certain extent, has taken place in the country if the higher quality cars are diverted direct to the mills.

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Q. Now, Mr. Fraser, the only way I assume you could give the Committee any real idea of the losses to the quality of the crop would be by having an estimate of the quantity of the high grade of wheat which was segregated for home consumption by the mills.

*By Mr. McMillan:*

Q. You have no idea of the quantity?—A. I have no idea of the quantity.

*By Mr. Donnelly:*

Q. Have you any idea of how much the American mills skim in that same way?—A. No, I have no idea, but I am quite sure the amount is not large.

Mr. DONNELLY: I know they take several millions out of my section of the country every year.

*By Mr. McMillan:*

Q. You say that it is not large with respect to the Americans? Is it large with respect to the Canadians?—A. No. What I meant by that is that the amount which is selected and specially binned at the elevators at the head of the lakes—the percentage is not large.

*By Mr. Garland (Bow River):*

Q. What is the percentage?—A. I have not got the figures, but it would only amount to a few million bushels, probably.

Q. Out of the total?—A. Yes.

Q. Only a few million bushels?—A. Yes, as far as I am aware it only amounts to a few million bushels—into special bins.

*By Mr. Millar:*

Q. Over the last six years the amount they have taken was about 16,000,000 bushels per year?—A. Yes, but only part of that would be special binned, or specially selected wheat.

*By Mr. Garland (Bow River):*

Q. I would like to ask you now to come back to the starting point. You were to answer some questions with regard to the practical difficulties with which the inspection department would be faced at the head of the lakes, and with which the terminal elevators would be faced at the head of the lakes in the event of prohibiting mixing by law. You stated that if this were done, it would require a complete supervision of binning and a complete supervision of the movements through the elevators, the cleaning, the belting, changing bins and so on. Then you went on to say that although that difficulty created a situation which rendered supervision impracticable, yet supervision was not impossible. If it were applied—that is, if this complete supervision were applied—how would it be practicable unless it was undertaken by complete government operation of the terminal elevators?—A. I think complete observation by the government officials would be necessary at the elevators.

Q. Complete operation?—A. No, not operation—supervision.

Q. Mr. Fraser, even in the case of supervision, you stated yesterday that it was a pretty difficult thing with regard to the switching of the cars from the hump yard to the various terminals and if you were to compel the binning of the straight grades and the non-mixing of the straight grades—is there not a practical difficulty there which would have to be overcome?—A. That is entirely outside of the inspection department, or even the government. At the present time the railways and the owners of the cars have complete charge of those cars.

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Q. To make it possible then to prohibit mixing by a law in the straight grades, you would require a government supervisory staff almost as large as the entire operating staff of the terminals to-day?—A. For the supervision of the work, as I mentioned it, I am quite sure that the staff necessary would be as large if not larger than the operating part of the elevator staff.

Q. Let me follow that up. In that case would it not, from the point of view of the producer of wheat, and indeed the trade itself, be advisable that the terminal handling of the wheat under this proposed prohibition by law, should be by government handling?—A. You mean by government control?

Q. Complete government operation—control.—A. Of course, I do not know—

Q. Does not your evidence inevitably lead one to that conclusion?—A. Partial control of the operation would be necessary before even general supervision could be given.

*By Mr. Donnelly:*

Q. You say that it would take as large a staff to supervise these elevators as to run them? How many men are required for elevator supervision, supervising the binning of it and taking of it out?—A. How many men have the elevators employed?

Q. No, how many men are supervising it—the taking of the wheat in and the taking of it out at the present time? Take the pool elevators or the terminal elevators at Fort William; they have a man supervising it above and one below, and the other men are working under their direction?—A. Yes, they first have a man supervising the unloading and the elevation to the scale, and then they have a scale man and when the grain leaves a scale and goes over the belt to the bins they have a supervisor of the binning, and in the basement they have one or two men supervising the drawing of that grain from these bins elevating it to the cleaners—

The WITNESS: —then they have men operating their cleaners and watching the grain going through them and the elevation back to the bins again. In even the smaller houses down there they would have—I do not know exactly how many men, but I would imagine they would have six or seven men at least.

*By Hon. Mr. Malcolm:*

Q. Supervising?—A. No, handling it.

*By Mr. McMillan:*

Q. About ten?—A. About that number.

*By Mr. Donnelly:*

Q. Would it be necessary to have more men if the government were supervising it than if the company was doing the supervising itself?—A. Well, I would expect about the same number.

Q. You would have to have the same number of supervisors which the company already has?—A. The government supervisor would have to watch the shifting of that grain as well as the operators themselves. They would have to supervise the work of the elevator operators.

*By Mr. Garland (Bow River):*

Q. It would mean almost a complete duplication?—A. Yes.

*My Hon. Mr. Malcolm:*

Q. That would mean three duplicate shifts every day, including Sundays and holidays?—A. Yes. We would have to work in eight-hour shifts, and during the season when navigation was open it would be twenty-four hours a day, seven days a week.



Q. What would you do with these men during the off-season?—A. Just the same as we are doing at the present time, lay our staff off, and take them on again when the time came.

*By Mr. Garland (Bow River):*

Q. You admitted a moment ago that a measure of government control would be necessary before the system of government supervision and prohibition could be commenced. Will you state what you meant by "a measure of government control"?—A. The supervisors would require authority sufficient to shut off a belt at any time.

*By Mr. Brown:*

Q. It would mean than the supervisors would have to be skilled operators of the machinery in the elevators, just as the men are at the present time?—A. Yes.

Q. They would have to be perfectly familiar with all of the mechanical operations?—A. Quite.

Q. And it would be constantly a case of conflict in authority between the men employed by the elevators and those employed by the government?—A. Yes, there probably would be some conflict.

*By Mr. Garland (Bow River):*

Q. In that case, admitting the necessity for abolishing mixing in the straight grades, would it not then be better to undertake governmental operation?—A. Well, I do not know as I am in a position to answer that question.

*By Mr. Lucas:*

Q. I understood you to say that the binning of the straight grades, while possible, would not be practicable?—A. Oh no; I think the binning of the straight grades is quite possible. I think that could easily be done; they could be binned; they are binned to-day.

Q. The supervision would require so much that it would be an impracticable way of handling the grain?—A. That is why I say it is impracticable. The cost and the number of men required to operate it really appears to me to be out of proportion with the work.

Q. And if it was put into operation it would eliminate mixing?—A. No question about that.

Q. We have another suggestion put forward by the pool, to create a standard of 75-25, which I understood you to say in answer to my question earlier in the meeting would practically eliminate mixing also?—A. Yes, I believe it would.

Q. In your opinion is that a more practicable solution than the binning of the straight grades?—A. Well, it would make the work of the inspection department considerably more difficult than it is to-day.

Q. But what I am getting at, given the two proposals—A. It would be more simple than the other.

Q. What I would like to get from you, Mr. Fraser, is this: We have had these two propositions put before us in order to eliminate mixing. Could you give any suggestion to the Committee of any scheme which might be introduced which would eliminate mixing, that would be more practicable than either of those which have been presented to us at the present time?—A. No, I have nothing I would care to submit to the Committee.

*By Mr. Gray:*

Q. Would there be any possibility, in the event of mixing being eliminated of taking some of these small houses at the head of the lakes and putting in only one grade, say a No. 3, which is the grade in which the bulk of the wheat is

[Mr. J. D. Fraser.]

put? Would there be any sense in that at all? Would it be a reasonable proposition?—A. I do not believe that could be carried out. In the first instance the companies buying wheat in the country would probably desire to ship their No. 3 Northern to their own particular house. A great many companies and the pools themselves, have their own terminals to which they want their own wheat to go.

Q. I was speaking of the public terminals?—A. There is another point. At a government inspection point like Winnipeg there is in the neighbourhood of 32 or 35 per cent of the cars passing through which are either loaded too full to properly sample or too full to sample entirely. Those cars can only be finally inspected when the cars are unloaded. To divert a certain grade to a certain house would mean that the diversion would have to be made in the railway yards in Fort William. There would be a third of those cars which were not finally inspected, so you might easily divert cars to a house where No. 3 Northern was to go, but which might be of Nos. Four, Five or Six. I do not think you could work that out.

*By Mr. Garland (Bow River):*

Q. The number of cars of that kind, although large in the aggregate, would be relatively small to each elevator every day. Could that not be solved by having one bin set aside for off grades which accidentally come there?

*By Hon. Mr. Malcolm:*

Q. Mr. Fraser, is it not true that all these suggestions come in direct conflict with the right of the shipper to designate his terminal?—A. That is what I would say.

Mr. GARLAND (Bow River): Do not answer that yet; do not answer that question until you have answered mine.

The WITNESS: What is your question?

*By Mr. Garland (Bow River):*

Q. You raised the difficulty of cars loaded too full for inspection coming forward to the hump yard and of necessity going to the terminals to which they were destined, and those cars might not contain the No. 3 grade which was required for that terminal. You pointed that out as a difficulty. I suggest to you, would it not be possible to overcome that difficulty by having a single bin left there to take care of the occasional off-grade car, that is, a car which was not of the grade that that terminal was taking in?—A. To set aside one bin in any elevator would be quite inadequate to take care of it.

Q. Then the other question that the Hon. Mr. Malcolm asked?—A. Well, it certainly would interfere with the rights of the shippers.

*By Hon. Mr. Malcolm:*

Q. Do you really want to tell the Committee, that in your opinion to have complete and accurate supervision of all the private houses, in order to eliminate mixing, one would almost have to have complete control of the whole elevator system at the head of the lakes?—A. That is right.

Q. In some way or other?—A. Yes.

Q. And in order to handle cars into separate houses you would also have to have control of the operation of the yards?—A. That is right.

Q. If you place that autocratic control under some Board, then you take away entirely from the producer the right to ship to whatever terminal he wants, you take away from the pool the right to use their own terminal, and you take away from the line company the right to use their own terminal, and you upset the whole existing system of handling grain?—A. That is right.

[Mr. J. D. Fraser.]

Q. On this suggestion of Mr. Lucas' which was advanced by the operators of the pools do you tell the Committee that, in your opinion, the 75-25 outturn would assure a higher average of the outturn grade, and is quite practical in the general run of private terminals, except in the case where a private terminal draws its grain from a certain area where you suggested that it would be difficult to hold the outturn grade to the 75-25 standard?—A. That is right.

Q. You also suggested to the Committee that in as much as the public terminals might get the minimum of the grades, it would be difficult for them to live up to the aforesaid outturn of 75-25 standard?—A. It would be impossible for the public elevators to live up to that.

Q. Well, supposing this Committee recommended to Parliament, in order to assure a higher outturn, as recommended by the pools—would it put the public terminals out of business?—A. Either that or you would have to limit them to ship out to the minimum the same as they are doing to-day.

Q. Do you think it would be a decided disadvantage to have two grades going out of terminal elevators in Canada for export?—A. Yes. It would not be advisable.

Q. It would be a very difficult thing to explain to the foreign buyer why we had two standards, one out of a public elevator and the other out of a private elevator. If the Committee adopts one suggestion, it will result in a complete reorganization of the whole system. That I admit is none of your affair; It is the affair of Parliament whether or not we should reorganize our whole distribution system in order to assure no mixing at all, or set an out-turn standard that would eliminate public terminals. Have you any practical suggestion to make as to how either plan, both of which you think are going to present tremendous difficulties, can be made practicable.—A. Well, it appears to me that the standard 75-25, if applied, would be the simplest way to correct at least some of the errors, or conditions, as they exist to-day. It holds the output of our elevators to a higher standard, and, of course, if that was applied to public and private elevators it should be fairly satisfactory, I would say.

Q. How could the public terminals, Mr. Fraser, protect themselves against getting the lower grades?—A. They could not protect themselves by themselves.

Q. What legislative enactment would assure that the public terminal got the same general run of cargo as the private terminal?—A. By making them all private or all public elevators.

*By Hon. Mr. Motherwell:*

Q. If we made the outgoing standard of the two terminals the same, to correspond with what the farmers have to put up with in passing Winnipeg, would that not be the solution? Let me quote the section dealing with that in the original bill, as drafted by the Hon. Mr. Justice Turgeon. It is Section 141, presented to the House in 1925, and it left the House of Commons that way, and was changed from that to where it is at present, by the Senate:

(d) All grain inspected out of a private elevator, or out of a special bin as aforesaid shall be required, in order to receive a grade, to be equal to the general average quality of the grade of a similar grade passing inspection at the initial official inspection point and shall be properly cleaned.

The original Bill made Winnipeg the initial point, for each private terminal. If that had been done there would not be so much leeway for mixing?—A. No, not very much.

Q. But it was not done. This shows what the government's desire was at that time, and it was frustrated by the Senate, throwing off all the safeguards

[Mr. J. D. Fraser.]



and letting them go to it. We have had the mixing since then and here are the facts, the complaints coming back from the other side. If you want to put them on a parity, they should be on the same basis as the farmers are complying with in passing inspection points like Calgary and Winnipeg.

*By Mr. Vallance:*

Q. The Minister cited what might happen if we had government control, and the one point he stressed, in my opinion, was that the farmer would lose his right to designate his terminal. Now, what is to prevent the government from controlling the operation of all terminal elevators, manning them just as they are manned to-day, and performing the same function as the transportation systems perform to-day in taking my wheat at a shipping point and delivering it to the warehouse? What is to prevent the government from taking over the entire system and allowing the farmer the right to say that his wheat shall go to the pool, and the government saying to the pool after it goes through the elevator "This is Vallance's wheat, where do you want to ship it to? What is to prevent it?—A. That is outside of the duties of the Inspector. I am really not in a position to answer that.

*By Mr. Donnelly:*

Q. The Minister raised the point that if you stopped mixing and put all the straight grades in, you would have to double the staff in all the elevators at the head of the lakes. I do not think that that is fair. It is only at the public terminals where the staff would have to be duplicated.—A. If you were preventing mixing, and no straight grades were going into the private elevators—

Q. Oh, no, must be binned in public terminals under public terminal regulations?—A. That would change matters entirely. That would make it necessary for a great many of the elevators to turn public.

*By Mr. Coote:*

Q. But if they turned public would you have to have a duplicate staff in public terminals, as to the binning?—A. Not if you desired to go further than we are going at the present time in public terminals. Public terminals are binning the stuff, and I believe honestly binning, shipping it out as they get it.

Q. I think Dr. Donnelly was anxious to get from you an answer to the question I am going to put to you in my own way. If all straight grades were compelled by law to be put through public terminal elevators, how large a staff would you need to supervise the binning in those public terminals so that we could be sure that no mixing took place except within the grade?—A. If those elevators were not allowed to handle anything else but the straight grades it would not require a great deal of supervision.

*By Hon. Mr. Malcolm:*

Q. Some elevators have to handle some of the off-grades, would you leave nothing but off-grades for the private terminals?—A. It would be very much simpler than if you allow off-grades to go into the same elevator as the straight grades.

*By Mr. Coote:*

Q. I want to ask you whether there is any supervision of drying in the terminal elevators by your department?—A. There is no supervision at all of drying.

Q. Well, then, how could you know whether that grain, or whether the baking quality of that grain was injured in the drying or not?—A. We have no way of telling whether it has been injured in the drying or not without having a baking or milling test made.

[Mr. J. D. Fraser.]

Q. Under those circumstances, do you think it fair that dried grain should be allowed to go into the straight grades?—A. The difficulty that arises here is this: take the last two or three years, we have had a lot of our grain sprouted and bleached by rain and snow in the fields. Part of it has dried out in the fields, perfectly dry. That wheat has exactly the same appearance as artificially dried wheat. If you were taking the grain out of an elevator at Fort William you could not tell by appearance whether it was artificially dried or dried in the field, so that we might grade wheat passing Winnipeg as straight grade possibly very much of it going into a public elevator, and when it comes out we would not know whether it was artificially dried, or field dried wheat.

Q. Would it not be a good idea for the Inspection Department to establish a system of supervision of drying, so that they could see that all this grain would be placed under proper supervision, and so that it would not injure the quality of the wheat?—A. That would be a large order, Mr. Coote. I do not know that drying is fully understood as yet by anybody, that is the effect of different degrees of heat with different percentages of moisture and so forth. They are experimenting along these lines now with good prospects for improving present conditions.

Q. You probably know this much, that a certain degree of heat will injure the wheat, that is, if a certain degree of heat is applied to the wheat while it is being dried that would injure the wheat?—A. Yes, if it is applied for a longer period than it should.

Q. Yes. You know, perhaps, that a certain degree of heat is excessive?—A. Yes, as a result of experiments that have been made and the information published. Personally I do not know.

Q. But does the chemist in charge of the laboratory say that he has information, at least up to that point?—A. Yes. Of course, there are a great many difficulties in connection with it. One difficulty is in determining the degree of heat going into the dryers and the grain.

Q. Do you not think that an attempt should be made to supervise that drying if dried grain is going into our straight grades? It was brought to the attention of our Committee a year ago. In fact, you will find in the report of the Committee that we thought some of the complaints from the old country were justified in regard to the deterioration of our No. 3 wheat from the inclusion of properly dried wheats. Under those circumstances, do you not think that the Inspection Department should make some attempt to supervise the dryers in the terminal elevators?—A. Well, I believe it would be a good thing if it could be supervised properly, if all dryers were equipped with automatic registers, as they might be, so that the degree of heat would be registered. I do not think it would be possible for a man to stand at a drying machine and tell from the feel or look that that dryer was operating properly. I do not think that he could do that. You would have to have automatic equipment that would indicate the degree of heat that was being applied to the wheat.

Q. In your opinion you could not take any steps possibly to remedy the situation which seemed apparent a year ago?—A. Of course the drying has been under investigation by professional men in the West, and I do not know that they have arrived at a definite conclusion as to the degree of heat that it is safe to apply always. It is possible that that might be determined.

*By Mr. Millar:*

Q. In the case of wheat that had not been subject to rain at all, but was threshed a little too soon and was, say, tough, and that wheat were treated, would it have any appearance which would enable you to distinguish it from the same grade of wheat that had been threshed at a proper season? It would be perfectly bright, would it not?—A. The only thing we can recognize dried wheat by is the colour; the colour usually slightly bleached, very slightly to very heavily bleached.

[Mr. J. D. Fraser.]

Q. In this particular type of wheat that had never been subject to storm, would it have any difference in colour because of the drying?—A. The drying would not have the same effect upon wheat of that nature as it would have on wheat that was carrying a higher percentage; if it was bright in the first place, it would probably not have much effect.

*By Mr. Donnelly:*

Q. You said a moment ago that if all the straight grades were put into public terminals and public terminals were not allowed to take anything else but straight grades, then it would be possible to keep the grades distinct from one another, and it would not then require a great deal of supervision. It has been suggested in that case that there would be very little to do for the private terminals. Can you tell us what percentage of wheat this year would not go into the straight grades, and therefore what percentage work would be left to be done by the private elevators or hospitals?—A. Of course the percentage would be pretty high of straight grades. In some years where we had much tough stuff the percentage of straight grade was very low; some years it would run around thirty per cent straight grade, and the balance would be tough or otherwise off grade.

Q. To be handled by the private terminals?—A. Yes. This year, I think straight grades will probably run up to eighty-five or probably ninety per cent.

Q. But there will still be considerable work for private terminals to do?—A. Yes, considerable.

*By Mr. Gardiner:*

Q. There would be no difficulty in turning a public terminal into a private, or a private terminal into a public; it is only a question of license?—A. It is only a question of license or of the desire of the owner.

*By Mr. Lucas:*

Q. How many public terminals are being operated at present at Fort William?—A. At present there are four.

Q. What capacity have they?—A. Oh, possibly seventeen or eighteen million bushels; I could not tell you exactly.

*By Hon. Mr. Malcolm:*

Q. Can you tell Mr. Lucas what percentage of wheat this year went through the public terminals?—A. No, I could not tell you. I have no figures along that line.

Q. Would there be ten per cent?—A. Oh, yes, there would be more than ten per cent. Two of those public houses belong to the Pool, what they call Four and Six, and they have been kept going very steadily.

*By Mr. Lucas:*

Q. And whose are the other two?—A. One is the Government terminal and the other is the G.T.P.

Q. What would be the proportion of the capacity of the public elevators?—A. Oh, probably in the neighbourhood of twenty or twenty-five per cent.

*By Mr. Garland (Bow River):*

Q. We have already had evidence to the effect that the seventy-five and twenty-five as proposed by the Pool for the terminals would to some extent improve the quality of the outgoing wheat, and we have also had evidence the other day, I think by the supervisor of the terminals at Fort William, Mr. Symes?—A. Yes, he is in charge at Fort William.

[Mr. J. D. Fraser.]



Q. To the effect that they had been using for some time a composite sample, which in his opinion was a higher standard than the seventy-five twenty-five proposed by the Pools, and that actually they have had a higher standard than is proposed as a type sample for the guidance of their inspectors for some time. Now what improvement would the seventy-five twenty-five be over the existing system?—A. If the seventy-five twenty-five were in the Act that would make it legal and it would be necessary to live strictly up to it.

Q. If the composite type were in use at the head of the Lakes, would it be a higher standard than the seventy-five twenty-five?—A. No, I do not think it would be. The composite sample is made up earlier in the season, and the average passing Winnipeg to-day at seventy-five twenty-five would be possibly a shade lower. The average sample taken at Winnipeg changes from time to time.

*By Hon. Mr. Motherwell:*

Q. For how many years has the composite sample been used?—A. For the past four or five years.

*By Mr. Donnelly:*

Q. I am trying to find a solution for this matter. As I see it, with the seventy-five twenty-five our public terminals would still be receiving the minimum grade. What would you do with the stuff coming out of the public terminals?—A. We would have to grade it out on the minimum standard sample.

Q. You would have then two standards coming out from the head of the Lakes, one on a minimum and the other on the seventy-five twenty-five?—A. Yes, if there was much selecting.

*By Mr. Gardiner:*

Q. Has this composite sample been used in grading grain coming out of the public terminals?—A. No. It has been used as a guide by the inspectors at private elevators.

Q. What has been the effect of its use?—A. I think the effect has been that it has improved the grade going out. We do not use it in the public terminals.

*By Mr. Garland (Bow River):*

Q. We are anxious to find out what the effect of applying the seventy-five twenty-five would be. The witness says the composite sample has been pretty well lived up to for how long?—A. I would say it has been in use for the past four or five years.

Q. And that it has had the effect of raising the standard?—A. It has had the effect of maintaining the output shipments.

Q. In other words, all that is sought in the seventy-five twenty-five has been in effect for some time?—A. Oh, no, we have never used a sample of that nature.

Q. But you have used the composite sample?—A. Yes.

Q. And the effect of the use of the composite sample has been as good an effect as you can expect from the seventy-five twenty-five?—A. No, I would not say that. It is not a legal sample, we are not compelled to live up to that.

Q. Then you have not been living up to the composite sample?—A. In some cases, no.

*By Mr. Coote:*

Q. In other words, you are not allowed to make the elevator companies live up to it?—A. We could not force them to live up to it, because it is not legal.

[Mr. J. D. Fraser.]

*By Hon. Mr. Motherwell:*

Q. If a man is willing to put his cargo out on the composite sample basis, you ask him to do it, but if he kicks about it you let him go out on the lower one?—A. A great deal of our work at the elevators is done when the light is not very good, and the inspector when he is examining the sample of a shipment has to have something to compare it with before he is able to judge the value of it. That is why he is given a sample that is really or actually higher than it might be, figuring that there is a chance that he will get below it anyway. If he was taking it out on the minimum standard, in the bad light, he might take something out that was below it, that might look equal to it at the time but later might be found, when examined in a good light, to be below, and that is why a better sample is given.

*By Mr. Lucas:*

Q. In the case of an appeal, the appeal would be made on the minimum standard sample?—A. Yes, on the standard sample. The composite sample would not be used for appeal purposes.

Q. If the seventy-five twenty-five were made the standard, they would all have to live up to it?—A. Then the Inspection Department would live up to it.

*By Mr. Millar:*

Q. And in the case of the composite sample, the grain at the private elevator must be equal to the average out of the public elevators?—A. That is what I understand.

Q. In the case of an appeal, it is decided on that as a standard?—A. Yes, the average out of the public would be used in that case.

*By Mr. Brown:*

Q. Have you that average for the Appeal Board?—A. Yes, that is secured for ourselves and Appeal Board.

*By Mr. Coote:*

Q. Is that average any higher than the official standard?—A. Very little.

Q. So that to all practical intents and purposes the two systems of elevators are on the same basis?—A. Practically, yes, inasfar as the outward shipments go.

*By Mr. Campbell:*

Q. If the minimum grade is going out of the public terminal, and you have the seventy-five twenty-five established, you say you would still send the grain from the public terminals out on the minimum, or what would happen?—A. At the present time the Inspection Department could not refuse a shipment out of a public elevator if it was equal to the minimum standard.

Q. That is at the present time, but I understood Mr. Donnelly's question to mean what would happen in the case of the seventy-five twenty-five being the law?—A. Unless public terminals were allowed to do mixing, it could not be applied.

Q. You would have to write down the grade or put the public terminals out of business?—A. Yes.

*By Hon. Mr. Malcolm:*

Q. They would have to become private?—A. Yes.

Q. What hardship would be caused if the public terminals were made private and the out-turn grade maintained to the standard suggested by the Pool officers?—A. I do not see how or where it would cause any hardship.

Q. Have you had any discussion with the Pool officers who made this suggestion first to some members of the Government and then to the Committee, I did not recognize the difficulties or I would have presented them when the suggestion was first made to me. Have you had any conference with the Pool officers as to how it would work at the head of the lakes?—A. No, not with any of the officials of the pools or with the Committee here. I have had no discussion of the standard. We have discussed it a little amongst ourselves in the Inspection Department at Winnipeg, but not to any great extent, because we did not know whether it would be put through.

Q. Supposing we do not mention seventy-five twenty-five at all, but just take the general statement that it is desirable to have a higher out-turn standard demand by the Statute than the minimum on which the grain is bought, so that the average of the grain going out shall be maintained; do you think that is desirable? —A. I think so.

Q. I think everybody agrees that it is desirable that the out-turn should be the average. What would you suggest would be the best way to make sure, that the buyer of our grain should get the average of the grain on the out-turn? A. To get the average on the out-turn on every shipment, I think it would be necessary to allow mixing. That is, to ensure that every shipment out of a public or a private elevator would be up to the average, there would have to be a certain amount of mixing at least within the grades.

Q. We are not discussing mixing within the grades, because that is admitted by all to be necessary.

Mr. BROWN: The term should not be used at all, because you cannot stop it.

*By Hon. Mr. Malcolm:*

Q. It is the average grade that I think the Committee is trying to maintain. The Committee desire to enact some legislation which will assure the average within the grade being maintained on the out-turn. Now admitting that probably the seventy-five twenty-five suggestion would create difficulties between the public and the private houses, what suggestion would you make to the Committee, as Chief Inspector, to assure the out-turn average within each grade?—A. To assure the average in every case, you would require all elevators to be public terminal elevators without any mixing at all, only mixing within the grades, as I have mentioned. I do not see that even the seventy-five twenty-five might be equal to the averages out of some of these elevators, and it might not be equal to the average out of some of them at the present time, or in the future. I do not know whether a standard can be set that would cover all the elevators at Fort William, taking into account the points from which they draw their grain. The prohibiting of mixing is the only way that I can see to get outward shipment equal to average going into those houses.

Q. Now supposing you do prohibit mixing, and you only turn the grade out as it came in, unmixed, are you going to get uniformity in the out-turn then?—A. No, you will get variations even in out shipments under those conditions.

Q. Supposing a house took in No. 2 during a certain period and from a certain area and there was no mixing at all; that in a period when a certain defect in the grain was quite noticeable at that time and in that area; Then a month later, from another area there came No. 2 which was all very much above the minimum, and for which the farmers in that district had only received the minimum; Would not the latter wheat show a decided difference in grade as compared with the other grade on the British market?—A. You would have a variation in the shipments.

Mr. GARLAND: That is a mighty important point.

[Mr. J. D. Fraser.]



*By Hon. Mr. Malcolm:*

Q. Yes, it is important. Now, considering the possibility that I have suggested under a no mixing policy; wheat from different areas and at different times; would you not get great variations? Might you not get all of the minimum or all of the maximum of that grade? I do not suggest it is probable,—that the whole shipment might go out and all be near the minimum of the grade? A. Yes, that is possible.

Q. With the no mixing policy, a shipment might go out which was all near the minimum grade?—A. Yes, that is possible.

Q. And it would be very easy in the one case to apply the seventy-five twenty-five standard, and in the other case practically impossible to apply it?—A. Yes, that is so also.

Mr. GARLAND (Bow River): Mr. Chairman I am told that all things are possible to those that have faith.

The CHAIRMAN: And to those who wait.

*By Mr. Garland (Bow River):*

Q. Mr. Malcolm has saved me from the necessity of pursuing this much further by admitting he was dealing not with the probable but with the possible case. But I would rather deal with the likely cases. Is it by any stretch of the imagination likely that there would be a great variation in the grading out of a bin of No. 2 wheat into which nothing but No. 2 wheat went?—A. You would find considerable difference at times, Mr. Garland, in the shipments out of different elevators at Fort William, even if no mixing had taken place, depending upon the areas from which the wheat came. During the past season there were at least two cargoes appealed, in which the elevator operator claimed there was no mixing but on which he lost a grade.

Q. We were told by you yesterday that the standards were so set, particularly in respect to One, Two and Three wheats as to clearly represent, as nearly as possible, the uniform value of all wheat that was likely to go into No. 2?—A. That is right.

Q. Frankly, I cannot imagine any great variation in the quality of the output?—A. I might give you particulars of one of these cases. There was a shipment of No. 2 Northern which was composed largely of starchy wheat. That was out of a private elevator. If they had to live up to the average from the general bins of a public elevator, they could not do it, because the average shipment from the general bins of the public elevator is generally high in hard red wheat.

Q. You are making your shipment from No. 2 bins under prohibitive mixing; it is all No. 2 taken in, and it is obviously all No. 2 going out. Is it likely that in any year you would have a single appeal from the cargoes which would go out of those No. 2 bins?—A. I do not think it is likely.

*By Mr. Donnelly:*

Q. We are told by the Pool and others that it is almost impossible to preserve the identity of wheat. We can understand the difference in cargoes from different districts; it may be not all the minimum of the grade but the average; but when it went down the Lakes to the different transporting houses on the Lakes, when it was put on the cars, and when it gets on the vessel going across the ocean it would be mixed up with other cargoes?—A. No doubt.

Q. And it would be very unlikely to get over to England just as it had left Fort William?—A. The only time it would, would be at the beginning of the season. We had one case like that I think about three years ago, where the wheat from Manitoba was early, and considerable of it got down to Fort William,

and one shipment was made of No. 2 Northern that year. The No. 2 Northern Manitoba was soft and starchy; and when that cargo arrived at Dublin there was a kick on it.

Q. You have not had many cargoes which arrived in England in that way?—A. No. It would be only at the beginning of the season that that would be possible.

Q. It would be a fair average of what that grade it?—A. Oh, yes.

The CHAIRMAN: Gentlemen it is now one o'clock. Mr. Fraser will be still available.

Witness retired.

The Committee adjourned until 4 p.m., April 19, 1929.

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### AFTERNOON SESSION

The Committee resumed at 4 p.m.

JAMES D. FRASER recalled.

*By Mr. Garland (Bow River):*

Q. This morning you referred to the difficulty of undertaking a check or regulation on the drying house in order to ensure that all grain, tough and damp that dried shall go into a certain grade. It is not necessary for me to emphasize to the Committee the importance to the producer of assurance that the dried grain shall not be damaged, but shall go into a straight grade afterwards, if possible. Now, your evidence was to the effect that you thought it would be very difficult to regulate the heat and particularly difficult to regulate the inspection. Is that not the case?—A. Without instructions, that is, instructions from the department or something in the Grain Act to govern the drying, I do not see how the inspection department could carry it out. We cannot go on our own ideas; we should have definite regulations.

Q. A definite maximum temperature for drying?—A. Yes. That information should be given to the inspection department; it should not be left to the inspection department to figure out how this work should be done. It should come from somewhere.

Q. I happened to be sufficiently interested in this matter to pick up report No. 24 of the National Research Council on the drying of wheat, and at page 121 of that report I found the following:—

The conclusion to be drawn from this series of tests is that wheat containing 15 to 17 per cent moisture should not be dried at a temperature higher than 176 degrees F., and this temperature would have to be reduced somewhat in the case of wheat containing still higher moisture content.

That is that wheat may be dried up to a temperature of 176 degrees without any damage to its milling and baking quality. Would it not be possible, providing the Grain Act gave instructions to that effect, to install in the dryers thermostats, new drying apparatus if necessary, and supervision to regulate the temperature at which the wheat shall be dried, so that the inspection department would feel quite secure in issuing a straight grade for the wheat coming out of the drying house?—A. I believe it is possible.

Q. Do you think it advisable?—A. I would think so, yes.

[Mr. J. D. Fraser.]

*By Mr. Millar:*

Q. Is it not equally easy to damage it too much, drying at other temperatures?—A. Yes, if left long enough it will be damaged.

*By Mr. Garland (Bow River):*

Q. It is to be noticed that in the entire number of tests carried out and the summaries based thereon, it is on the basis of a three-hour movement. There would have to be an adjustment of temperature for a shorter or longer period, but all that is now known and is known clearly to the National Research Council, and the details in connection with it can be secured upon application in any particular case?—A. Yes.

*By Hon. Mr. Dunning:*

Q. Mr. Fraser, just bearing on that point: from your knowledge of dryers are you of opinion that they have reached the point where automatic regulations could be applied with sufficient certainty to the varying degrees of moisture and the varying temperatures required to deal with those, to be able to guarantee what the basis of any automatic control which could be installed shall be, in order that the quality of the wheat coming out of the dryer shall be equivalent to a straight grade of the same wheat?—A. I doubt if that be possible, but I have very little experience—practically none, in connection with drying apparatus and the drying of wheat. These questions I think can better be answered by some member of the Research Council who has been making the investigation..

Q. My question was whether automatic regulations could possibly be installed to the extent which would reduce the factor of human error as would be required under these circumstances?—A. I really cannot answer that.

Mr. GARLAND (Bow River): It may be of interest, however, to know that recently, I am informed, there has been an extraordinary discovery in connection with drying apparatus. It has been found that the most accurate moisture testing method they have yet discovered is concealed within the vacuum tube of an ordinary radio set, and the development of this may entirely revolutionize the testing for moisture and also the adjustment for drying out. We may have some member of the Research Council later on.

*By Mr. Coote:*

Q. Do you know, Mr. Fraser, whether all the damp wheat coming into an elevator is dumped into one bin, as far as cars containing varying degrees of moisture are concerned?—A. I am not just sure, but I would expect that the elevators will bin grain of the same grade in the same bin, irrespective of the percentage of moisture that it contains.

Q. I was wondering whether each individual car was put in by itself?—A. No, I think not.

*By Hon. Mr. Motherwell:*

Q. Most of the complaints, which we have heard regarding the 1927 crop, were they not largely on account of the reduction of hard wheat and the piebald wheat, especially in regard to No. 3? They all seemed to try to get into the No. 3 all the concoctions they could, the excessively dry wheat and the piebald?—A. I think the excessively dried wheat really was the main cause for complaint; we had sprouted wheat, however, in that same crop, and badly bleached.

*By the Acting Chairman:*

Q. You say "excessively dry wheat" or dried under too high a temperature?—A. I would say probably both.

[Mr. J. D. Fraser.]



*By Hon. Mr. Dunning:*

Q. Too long a time under too high a temperature cooks it?—A. Yes.

Q. Or an excessively long time?—A. Yes.

The ACTING CHAIRMAN: I would suppose that the time would not count for much. It might be done under a temperature such as might prevail on a good hot day.

Hon. Mr. DUNNING: That would be too long.

*By Hon. Mr. Dunning:*

Q. The maximum time for very damp wheat is about three hours?—A. Yes, about that. It is a matter of getting the stuff through.

Q. And getting a temperature high enough to dry the wheat which they have to put through every day?—A. Yes.

*By Mr. Coote:*

Q. I suggested to Mr. Fraser before we left the room at noon that I thought it would be of great interest to the Committee if he would give us a brief statement of just how the grading of wheat is done, and how he makes up the samples for the One, Two and Three every year. Maybe he would do that now.—A. Well, the grading of the wheat is of course done in accordance with the definitions included in the Grain Act, and with the assistance of the standard samples as established. The established standards for One, Two and Three are established each year by myself and my assistants in Winnipeg. In establishing the minimum standard sample for No. 1 Northern, we take the average sample which is collected up to that date and reduce that by adding a minimum quality One or maximum quality Two enough to reduce it sufficiently and include in that standard sample the maximum amount of damaged kernels that that grade should carry.

*By Hon. Mr. Dunning:*

Q. The maximum number by the legal definition?—A. Yes. Of course the definition does not really give any percentage.

Q. But it must conform with it? It gives "practically free of damaged kernels."—A. Now, that is left to the discretion of the Inspection Department to say what "practically free" means. It does not mean actually free, so that some slightly damaged kernels have to be in.

The No. 2 Northern average is used to make the 2 Northern Standard and is reduced by a small admixture of good No. 3 or poorer quality No. 2 until we get what we believe the definition requires. There is nothing definite, no straight line drawn there so that the sample can be set to it.

The No. 3 Northern is made up in a similar manner. The average sample is taken and reduced by a lower grade wheat.

*By Hon. Mr. Motherwell:*

Q. After you get those samples, which do you go by as the standard, the samples thus selected or the Statute?—A. The samples thus selected are the standard samples.

Q. Supposing there is an appeal, which would guide the Appeal Board?—A. Well, the standard samples have always been used as a guide for any appeal work. They, of course, apply the Act in the matter of weights and percentage of vitreous kernels. The standard samples as established cannot be made to the minimum weight that the definitions allow.

*By Hon. Mr. Dunning:*

Q. They are always slightly above the minimum?—A. Yes, they are always slightly above in weight.

*By Mr. Coote:*

Q. Taking first the case of No. 1 Manitoba Northern, in making the standard sample for the year 1928, for instance, would you use the No. 1 Manitoba Northern of the year 1927 as a guide in making the 1928 sample?—A. No, we make it up to the definition from the wheat of 1928 crop from the average that we have been able to collect up until the time when we make the standard, and use our judgment as to the amount of damage that sample should contain taking into account the nature of the damage.

Q. You do not use the previous year's samples then as a guide?—A. We always compare the standards set with the standards which had been set in the previous year; but we do not use them as a guide for establishing the new standards, the definitions are the guides.

Q. Then it would be quite possible that there might be a difference in the standard samples in various years?—A. Not with the No. 1 and No. 2 Northern. No. 1 Northern year after year is very similar. There will be more difference in the No. 2; and there would be a greater difference still in the No. 3 in the nature of defects.

Q. Do you think it would be desirable to use the previous year's samples and to make the next year's samples conform as nearly as possible to them?—A. That of course in some years would be possible; other years it would not. The weight per bushel, for instance, of the last few years, of No. 1 Northern has been very much the same but defects differ slightly.

Q. Do you think sufficient consideration is given to the weight per bushel, in setting the standard for No. 1 Northern?—A. Well, I think it might be increased in the definition. We get odd cars which go into No. 1 Northern which weigh sixty-one pounds. The weight in the definition might easily be increased one pound.

Q. In your opinion would wheat weighing sixty pounds per bushel, and in other ways of the same general characteristics as wheat weighing sixty-three pounds per bushel, be worth as much?—A. No, I would say it would not be worth as much.

*By Hon. Mr. Dunning:*

Q. The difference of the grain in value is sometimes exaggerated?—A. Yes, the difference between the two samples would be the amount of flour which the sixty-three pound wheat would yield above the sixty-pound wheat.

Q. As a matter of fact, the man who is buying it pays for what he gets?—A. He is paying for sixty pounds, and he would have more offal in the sixty pounds.

*By Mr. Coote:*

Q. We have had evidence given to this Committee, as I remember it, by a chemist that for each pound over the sixty pounds per bushel which we secure in the wheat it means an increased flour yield of something over one per cent?—A. That is possible.

Q. So that if there were three pounds difference in the wheat, it might indicate a considerably increased yield in flour?—A. Yes, at that rate it would.

Q. In connection with this definition of No. 1 Northern, would you be good enough to explain to the Committee just what is meant by the words "well cleaned" in the third line of the definition?—A. Well cleaned, I would say should not contain over one half of one per cent.

Q. What of?—A. Of foreign matter, probably some small wheat seeds and an odd wild oat, a little broken wheat.

Q. Would not that be dockage?—A. We do not put a half of one per cent of dockage on any of the cars. There is never less than one per cent put on.

Q. Then those words simply mean that if there is not more than one half per cent of dockage there it would be graded, say, No. 1 Northern without dockage?—A. We would not put a half of one per cent on. I would say that one half per cent would be clean.

*By Hon. Mr. Dunning:*

Q. Tell us why you do not put it on?—A. It would be impossible for any elevator to put a carload of grain over cleaner and remove one-half of one per cent only.

Q. And do you not do the same in inspecting at the terminals?—A. Yes, it does not require to be perfectly clean.

*By Mr. Coote:*

Q. Then could you go a little further, and give us any idea of just what would be allowed under the words "practically free of damaged kernels and foreign grains"?—A. It would be a difficult matter to put it into percentages. It would depend more upon the degree of damage. If it should happen to be frosted, you might have a few kernels of light bran frost into No. 1 Northern, but you would not want to let many kernels of frozen green kernels into No. 1 Northern.

*By Mr. Garland (Bow River):*

Q. I have never been able to get any grain which contained even the slightest tinge of bran frost into No. 1?—A. You have been unfortunate.

Hon. Mr. DUNNING: He does not let one grain in a thousand get through anyway.

*By Mr. Garland (Bow River):*

Q. In other words you would permit no frosted wheat in No. 1?—A. Not really frosted; there might be a slight bran effect.

Q. Would Mr. Dunning's estimate be correct, one in a thousand?—A. Not of real frosted.

Q. Let us have the limit?—A. Oh, one in a thousand would be safe enough if only slightly frosted.

Q. You have allowed more than that, however, have you?—A. Oh, I think so, yes.

Q. How many more?

*By Hon. Mr. Dunning:*

Q. As a matter of fact this is not correct that if there is any in it at all there is usually more than one in a thousand?—A. Oh, yes. A year like this it is not so much frost but there is immature grain in our No. 1 to-day in almost every carload.

*By Mr. Garland (Bow River):*

Q. Have you ever graded No. 1 any grain which contained any frost?—A. Yes.

Q. How much frost did it contain?—A. So little that it was not really noticeable in the sample.

Q. Then if it was not noticeable, how in the Sam Hill did you find it?—A. You can find things by looking for them that you will not find by a casual glance.

[Mr. J. D. Fraser.]



*By Mr. Coote:*

Q. There is a general feeling throughout the country that when your inspectors are grading grain they are looking for damaged kernels and not for the good ones?—A. Yes, that is what we do.

Q. Then would it not be desirable, if possible, to state in the definitions what percentage of damaged kernels could be in each grade?—A. What you get up against is not the percentage at all; that could be determined; but it is the degree of damage that you are up against in the West.

*By Hon. Mr. Dunning:*

Q. What is damage in No. 1 Northern?—A. It might be slight bran frost, it might be heavy bleached kernels, or it might be shrunken kernels, or slightly immature.

Q. And still get into No. 1?—A. Yes.

*By Mr. Millar:*

Q. Piebald?—A. Piebald is not considered damaged.

*By Mr. Donnelly:*

Q. How much shrunken, shrunken to what degree?—A. Oh, slightly shrunken.

*By Hon. Mr. Dunning:*

Q. Do you mean, Mr. Fraser, that to the man who grew it it would not be shrunken at all, but to you it looks a bit thin?—A. Yes, we get such wheat through the effects of rust or dry weather; sometimes the top kernels in a head are much smaller and shrunken a little more than the others.

*By Mr. Coote:*

Q. When you go to make the sample for the No. 1 Northern, what sort of kernels do you look for first to make up the body of that sample?—A. To make up the body of that sample we take the average sample as it has been collected; that is the body of it.

Q. Yes, but when the wheat is coming in, you take out what you call a sample for No. 1, and what must that look like for you to pick it out as a sample of No. 1?—A. It has got to look good, ripe, sound wheat.

Q. Now could you define that word "sound" at all in any way?—A. It is pretty hard to do. I do not know just how to do it.

Q. There is another matter which I think we ought to clear up in connection with No. 1. It shall contain sixty per cent of hard red vitreous kernels. Is there any difficulty in finding hard red vitreous kernels?—A. No.

Q. Will you tell the Committee what is meant?—A. Those would be kernels which are all red and all hard; besides that you have starchy kernels which are yellow or piebald which are partly red and partly yellow.

*By Mr. Millar:*

Q. Does "hard" refer to the texture of the kernel?—A. It refers to the texture of a kernel, even a piebald kernel of a hard variety.

*By Hon. Mr. Dunning:*

Q. But piebald is not vitreous?—A. No, it is not vitreous.

[Mr. J. D. Fraser.]

*By Mr. Coote:*

Q. Presuming that every kernel was well matured, that is that there were no shrunken or green kernels sixty per cent of it being hard vitreous kernels, might the other forty per cent be starchy kernels?—A. Yes, it might be starchy kernels for No. 1 Northern.

Q. Do you think that that percentage of starchy kernels should be allowed in No. 1 Northern?—A. It really does not affect the No. 1 Northern to a great extent. We get very few cars that contain only sixty per cent of hard vitreous kernels that go into No. 1, but we do get odd cars. That percentage might safely be raised somewhat from what it is.

Q. So long as this provision exists here, is it not possible for a private terminal elevator to run a considerable portion of what they might buy as No. 3 wheat in with No. 1 and still be entitled to a No. 1 certificate out of their terminal?—A. Yes, that is possible. Of course we would not take No. 1 out of any private elevator showing only sixty per cent of hard vitreous kernels. We would expect the No. 1 Northern out of such terminal to be up to the average sample.

Q. Would that be judged on the definition or on the sample?—A. On both.

Q. We should clear up whether the sample made up by the inspector overrides the definition in the case of an appeal. I think the matter was mentioned by Mr. Gillespie in his evidence two or three days ago?—A. The sample made up would not over-ride the definition of No. 1 Northern in so far as hard vitreous kernels are concerned or the weight of the bushel, because that is definite in the Act.

Q. Can you suggest a better definition for No. 1 than is given now?—A. I would not like to attempt it right off.

*By Mr. Millar:*

Q. In the case of a type of wheat that is in every sense hard red and vitreous and in which the colouring matter has been washed out of the bran, is it then within the meaning of the Act hard red vitreous wheat?—A. Yes, as long as it is just the bran that is slightly affected, by the colouring having gone out of it.

*By Mr. Donnelly:*

Q. Would you tell the Committee in what condition wheat which is over-ripened, which ripened regularly, and is slightly shrunken on account of dry warm weather, would be—what would be the effect upon the flour?—A. It would affect the volume probably but not the quality of the flour.

Q. Is it not as a rule a little stronger in the protein than wheat that is a little slower in ripening and therefore fuller and larger?—A. I really do not know much about protein, but I do not think it will cause the protein to increase or decrease.

Q. I think you will find it is a little stronger in protein than that which is bigger and fuller?—A. Yes, for the reason that there is more protein in the bran than in the flour, and if the proportion of your bran is greater your protein would be higher.

Q. Still I think we find the flour itself is even of a better baking quality and richer in protein?

Mr. GARLAND (Bow River): Had we not better leave questions of this kind for a technical protein witness?

*By Hon. Mr. Dunning:*

Q. There are just one or two questions, Mr. Fraser, that I want to ask. One point I have in my mind arose this afternoon in connection with the weight per bushel of wheat, the use of the term so many pounds per bushels of wheat and

[Mr. J. D. Fraser.]

the differences in value for milling purposes thus arrived at. Did I understand you to say that, in your opinion, there would be a one per cent increase in value as a result of a one pound increase in weight per measured bushel?—A. No, Mr. Dunning, I did not say that. I think that was mentioned by Mr. Coote or Mr. Garland, as coming from Dr. Birchard.

Q. The reason I asked the question is because of the popular misconception as between the measured bushel and the weight. The person who buys sixty pounds of wheat pays for sixty pounds, and the man who produces sixty-three pounds to the bushel is paid for sixty-three pounds. That leads to a misconception, and I thought it was you who said that?—A. No, I did not say that.

Q. I am not disputing, of course, that the weight per bushel does not include a larger proportion of flour for milling, but there is no doubt at all that when a man buys sixty-three pounds of wheat it is sixty-three pounds of wheat that he gets. This morning, I gathered there was some discussion as to the effects of mixing and what should be done in regard to it, and there are just a few questions that I wish to ask along that line. I think you were present on a former occasion when I asked a few questions of a previous witness. My mind is running on the suggestion that has been made on some sections that we might avoid the difficulties which have become apparent in connection with the 1928 crop, by providing that straight grades from 1 to 6 should be permitted to go only into public terminals, that is to say, that no private terminal could take in any straight grades. They would still be allowed to take in anything other than the straight grades from 1 to 3, but would not be permitted to take in the straight grades. The public terminals, on the other hand, would not be denied the right to take in other grades, but, of necessity, would only take in such grades as were prominent in the particular year's crop. You know, as a practical method, the condition that would be brought about?—A. Yes.

Q. Then I want to ask you, if, in your opinion, private terminals were not allowed to take in from one to six, but were allowed to take in all the off grades, and to do as they liked thereto, conditional upon them only getting a straight grade out of a private terminal, the public terminal to be permitted to take in anything, but by reason of that arrangement they naturally would take in the straight grades in larger volume—are you, or are you not of opinion that the effect of that would be to enable supervision of binning in the public terminals to be performed, as contemplated by the Act? I admit it is a physical impossibility with the multitude of grades. But would it permit supervision of binning to be performed, and if it would permit supervision of binning to be performed would it, or would it not, ensure an average of the straight grades coming out of the public terminal elevators at all times?

MR. GARLAND (Bow River): It seems to me there are about a half dozen questions involved there.

HON. MR. DUNNING: I am just trying to put the picture that is in my mind to Mr. Fraser. You can answer it in your own way, and I promise I will not interrupt till you get through.

THE WITNESS: Well, by confining the straight grades to public terminal elevators it would make it possible to supervise. It might be a rather difficult job, and would require a good deal of help to do it. There is no doubt that if the straight grades are not allowed to be mixed the shipments out would be the average.

*By Hon. Mr. Dunning:*

Q. The average of the grade?—A. Yes, the average of the grade. There is no reason why they should not be. By public elevators taking in the off grades of grain, it would increase the work of supervising them to some extent. You

[Mr. J. D. Fraser.]



might add to the six or seven straight grades a possible 100 or 125 other grades, and that would make it more difficult, to be sure that no mixing has taken place. Accidents are always likely to happen, or mistakes are made by the operators of these houses. It does not matter how well they are looked after, an occasional error is likely to creep in, and it is just possible in the public houses where they are handling the off grade grain there might be an error in binning where they would get the off grade into the straight grade bin. I do not know what I can give you further than that. I may not have answered your question as fully as you wish—

Q. I think you have, Mr. Fraser. If I gather your answer correctly it is this, that supervision of binning should be possible?—A. Yes, it should be possible.

Q. Allowing for the margin of error which all apparatus operated by human hands is, of course, subject to?—A. Yes.

Q. And, of course, it would be possible to so supervise the limited number of grades which would naturally go through under that operation as to make it certain that each straight grade coming out of a public terminal would represent the average of the grade?—A. Oh, yes, I think there would be no doubt about that. If there was no mixing allowed I cannot see any reason why the average should not come out.

Q. And the small proportion of the accidental error would not vitiate that?—A. Would not materially affect it.

Q. Let us turn to the position that the private elevator would be in under such a system. Remember, I suggested that they be allowed to take in all off-grades, but no straight grades?—A. Yes.

Q. Neither would they be allowed to ship out any straight grades. They could, in their manipulations of grades of grain improve one off grade to another off grade of a higher value; you get my point there?—A. Yes.

Q. Is it too much to ask you to express your opinion as to the workability of that arrangement? I am bearing in mind, Mr. Fraser, that we must have means of handling the tremendous number of damaged off grades. I admit that there must be some means of handling them, and, in making the suggestion, I am acknowledging that men will not handle them unless they are able to make money out of handling them. I have in mind, just allowing that possibility, or not permitting a private terminal to take in anything but off grade grain, that the object then of the private terminal elevator would be to produce a higher proportion of the more valuable off grades and to eliminate as far as possible this low price off grade wheat in the process?—A. Well, of course, I am not familiar with the handling in a private elevator. But it would appear to me that if they could not work some of those off grades up into straight grades you would have no private terminals at all, that it would not pay to operate private terminals. And there is another feature, of course, if the public terminal taking in off grades were not allowed to work them up into the straight grades; it would mean that all our off grades would have to come out as off grades.

Q. But not necessarily as the same off grade?—A. No, of course not, but they would have to come out as off grades. I do not think that that would be to the advantage of the producers.

Q. Where would it hurt them, Mr. Fraser?—A. The way it looks to me—I am not close enough in touch, probably, to give the necessary facts—but at the present time a lot of this off grade grain is being bought simply because by cleaning and drying they can get it into the straight grades and sell it as such.

[Mr. J. D. Fraser.]

*By the Acting Chairman:*

Q. If the two grades were kept entirely separate, would there be a sufficient volume of any one of those off grades to make a cargo that could be disposed of?—A. Well, for instance in the past two or three years we have had great quantities of tough grades, 1, 2, 3, and so on, and there would be sufficient of that to work off by itself in its tough state, or after it has been treated.

*By Hon. Mr. Dunning:*

Q. I had in mind that the private elevator would make its income, to take an instance, by taking rejected No. 3, rejected for wild oats?—A. We do not make any rejected for wild oats.

Q. That is done away with, that is cleaned?—A. Yes.

Q. Well, take rejected for something which is uncleanable?—A. Barley or rye.

Q. Yes. Here is a rejected for No. 3. I know it was done in the old days in the hospitals. You take a carload of 3 rejected for barley and you could mix that with, say, a couple of carloads of 2, slightly tough, and you could bring the whole thing out as a 2 rejected or as a 2 tough, getting by on one or the other of those two in that proportion. That is assuming, of course, the kind of car that is just over the edge of rejected for barley. You know the sort of thing I mean?—A. Yes.

Q. And that would mean a profit, would it not, to the operator who did it?—A. Well, of course, I am not in a position to say. It would depend on the price spreads between straight grades and rejected.

Q. No, no. The spread between rejected of the one grain and rejected of the other grain. I am not saying it would come into the straight grade, Mr. Fraser. I am calculating altogether upon the possibility of raising one off grade to another but more valuable off grade, in fact, I know that that is done to-day?—A. Well, that could be raised, of course, if you had the maximum quality of the two Northern and then raise a maximum No. 3 into it; that is possible.

*By Mr. Coote:*

Q. In your opinion, is the man that is going to be hurt the man that is producing the off grades?—A. I would say so. That is the way it would appear to me.

Q. Would it have a corresponding advantage to the man who is producing the straight grades? Have you any opinion on that?—A. Yes, if there was no mixing allowed in our straight grades other than within the grade, it is possible that some of these off grades might be so treated to bring them within that grade where they could be mixed later on. It is possible in some cases, for instance, to clean up rejected wheat, that is, rejected on account of barley if the barley is long and can be taken out by rotary.

*By Hon. Mr. Dunning:*

Q. It is not very easy though?—A. It is not easy.

*By Hon. Mr. Motherwell:*

Q. The country's reputation is not built up much by the off grades?—A. Not at all.

Q. Should we not be more solicitous about the good stuff than about the poor?—A. Yes, I think it would be an advantage, Mr. Motherwell.

Q. Here is something that has impressed me very much. Mr. Sproule gave evidence. I think you heard him, Mr. Fraser, and he certainly gave us some convictions. Here is one that he got by with, although it was subject to some observations after:—

[Mr. J. D. Fraser.]

*Tough Rejected Sprouted No. 2.*

No. 2.

No. 3.

Tough 3.

No. 4.

Rejected 4.

No. 5.

No. 6.

No. 1 Kota.

No. 2 Kota.

Tough 2 Kota.

Tough rejected No. 3 Kota.

No. 3 Kota sprouted.

No. 3 Kota not sprouted.

Hon. Mr. DUNNING: What was the result?

Hon. Mr. MOTHERWELL: They were called on the carpet, but they got away with it.

Hon. Mr. DUNNING: As what?

Hon. Mr. MOTHERWELL: As straight 3. It seems to me that as this gentleman has only been in the business for a short time, by the time he gets to be an expert he would be able to get away with a straight cargo of No. 3. Kota, I know, has a rather fine appearance. But this seems terrible to me, Mr. Fraser, that you can get all this into a straight 3 and get away with it. The farmer cannot do that when he comes before you. He has got to have the goods to get a grade. It seems to me that unless we get some better way of taking care of these off grades than by demoralizing the straight grades you are going to have a demand for state administration. Our friend from Bow River is watching it already. You are going to have demand for state administration where there will be no incentive to gain on the part of the state, but just to put it out as it goes in. I have enough faith in the Inspection Department to know what was done for many years, between 1900 and 1912, so that when all supervision was taken off the Inspection Department could, if backed up by the proper law, and proper sentiment, put those grades out the way the farmers supply them. Do you not think you can?—A. I believe they could, fairly well anyway.

Q. They could try anyway?—A. Yes, we could try.

Q. And the effects of Mr. Dunning's suggestion, the very first effect would be to convert the private terminals back into public terminals, just the opposite way to what has been done. As soon as mixing was legalized there was a grand rush from the public terminals to the private?—A. Yes. I believe that would cause the private elevators to turn public.

*By Hon. Mr. Dunning:*

Q. Pretty largely?—A. Pretty largely.

Q. You remember the original mixing houses, Mr. Fraser, the little narrow fellows?—A. Yes.

Q. That just took in their carloads? In those days they had to buy everything that went in?—A. Everything that went in.

*By Hon. Mr. Malcolm:*

Q. You said that the supervision of the public houses has not really been in effect for about eighteen years?—A. That is, supervision of binning?

Q. Yes, in the public. Was it ever in effect?—A. I understand it was given a trial. I do not know to what extent.

Q. And between 1900 and 1912, we may say, when the section of the statute was added, there was no supervision of binning in public houses up to that time, was there?—A. No, not that I am aware of.



Q. And, as I take it from your evidence, it was given a trial and you found it was practically impossible to supervise binning completely in public terminals? is that what we are to understand?—A. That was given a trial during Mr. Horne's period as chief.

Q. How long did he try to supervise the binning, and what did it cost? Have you any record of that?—A. I have no record of it whatever.

Q. Did he cease to endeavour to supervise the binning himself? When you became chief inspector it was not in practise?—A. No.

Q. How long have you been chief inspector?—A. Since 1925.

Q. Previous to that who was the chief inspector?—A. George Serls.

Q. Was it in practice when he was chief?—A. No, it was discontinued before he was appointed.

Q. So there was a provision for the supervision of binning in public terminals in the Act, but it was not found to be practicable?—A. I have no information on it outside of the fact that they gave it a trial for a short time and considered it was impracticable to carry on.

*By Mr. Fansher (Last Mountain):*

Q. Tell us just what is the chief obstacle in the way of supervising these terminals?—A. The public terminals?

Q. Yes.

The ACTING CHAIRMAN: He gave us that this morning.

The WITNESS: One of the objections is the number of men it will require to check that work the way it should be checked, right from the time the car is unloaded until the grain is again shipped out.

*By Mr. Fansher (Last Mountain):*

Q. I did not get my point over to you. I should have said probably, where is your chief opposition? Is it not in those who are operating the elevators, that is, those who are doing the work?—A. Well, as far as opposition goes, that is the only place it can come from. If it was put into effect where the inspection department had to supervise the binning, most of the elevator operators—probably all of them—would work in with the inspection department. If that were the law I believe they would be willing to work in with us.

*By Hon. Mr. Dunning:*

Q. If you had few enough grades to handle you could do it?—A. It could be done easily; I believe it can be done.

*By Mr. Fansher (Last Mountain):*

Q. Would it cost a great deal more to take over the operation of those hospital elevators?—A. That is a matter upon which I am not qualified to answer.

*By Mr. Garland (Bow River):*

Q. Would not the number of publics required under the condition of affairs suggested by Hon. Mr. Dunning vary considerably from year to year?—A. Yes.

*By Hon. Mr. Dunning:*

Q. Why?—A. The crop of 1926-27—the straight grade there amounted to about 30 per cent of the crop.

Q. In such a year why would not the public terminals take in the off grades which had a large volume? I am not suggesting that they should not take in off grades; my suggestion is the private terminals should not take in straight grades; that is, in any year when there is a large volume of straight grades there should be a sufficient amount of bulk room for it.—A. The discussion

this morning was along the line that the public terminals would only handle straight grade wheat.

Q. I see absolutely the impracticability of that, because there are years when you get a large volume of one type of damage. You get, for instance, a whole string of toughs, which are inspected out again as toughs, and I see no reason why they should not go in to the public terminals. I would not forbid the public terminals taking in off grades; naturally, in their own interest they would only take in those of which they could get sufficient volume to make a cargo.

*By Hon. Mr. Motherwell:*

Q. What is the difficulty in changing a private into a public elevator?—A. No difficulty, only a matter of license.

*By Hon. Mr. Dunning:*

Q. It would be a natural development, because the private elevators would be after the other kind of stuff, and the storage space for any other off grades would require to be sufficient, the same as it was before we had the hospitals.—A. Of course, with the public elevators taking in straight grades and off grades there would be little change in the number from year to year.

Q. That is the point I am making; there would not be any increase in number from the point of view of supervision of binning?—A. The supervision of binning and the operation of elevators would be increased; that is, the work of supervision would be increased by the public elevators taking in all sorts of off grades.

Q. Have you ever operated a terminal, Mr. Fraser?—A. No.

Q. You do not think that from the point of view of the producer there would be any benefit in the idea, acknowledging as you did that they would maintain the average of the straight grade outgoing? Do you think there would be any particular advantage to the producer?—A. I believe it would be to the advantage of the producers of the straight grades, but it might work the opposite way for those who are unfortunate enough to produce the off grades.

*By Mr. Coote:*

Q. Do you care to express an opinion as to whether it will be possible for the producer to get away from the production of many of the off grades, with the exception of tough and damp grain, of course?—A. It should be possible. I have never farmed in the west, although I was brought up on a farm in the east, but it appears to me that if they are raising wheat they should be able to raise wheat and not a mixture of barley and rye.

*By Mr. Bancroft:*

Q. That only accounts for a few of the off grades. I think most of them must be caused by climatic conditions, either frozen or rust or hail, damage by water, or shrunken with the heat.

*By Hon. Mr. Malcolm:*

Q. I would like to ask you a few questions in regard to one or two other points. We had some representations from the officers of the pool as to suggested improvements in the administration of the Act and in the grading. One of the suggestions was the establishment of another grade between 3 and 6. As chief inspector, what is your opinion? Do you confirm the request as being desirable?—A. The Act allows the Standards Board to make as many grades as they wish between 3 and 6. We have had years where we have had six grades in there, instead of three.

[Mr. J. D. Fraser.]

*By Hon. Mr. Dunning:*

Q. Specials?—A. Specials, 4, 5, and 6. There is no reason why, say, a No. 7 could not have been put in below 6 by raising the 5 and the 6 standards a little higher. Up to the present year the volume of the low grade frozen stuff has been small, and it has really never been necessary to have extra grades, but this year it might have been an advantage to the producers if another grade had been put in below 4.

*By Hon. Mr. Malcolm:*

Q. The members of the Standards Board who gave evidence here did not give a great deal of encouragement to the suggestion of more grades. They themselves rather thought they had all the grades which were necessary. You, as the chief inspector, are rather inclined to think that another grade this year would have been beneficial?—A. It would look that way from the spreads between 4 and 5, and 5 and 6—that another grade might have benefited at least those who were getting in the top of No. 5.

Q. In other words, the suggestion is really confirmed by you, that it might have been advisable for the Standards Board to have another grade this year?—A. Yes, I think so.

Mr. GARLAND (Bow River): Does the recommendation of the pool apply only to this year?

Hon. Mr. MALCOLM: I do not know whether it does or not.

Mr. GARLAND (Bow River): Then your question has not been answered.

*By Hon. Mr. Malcolm:*

Q. Do you think that the Standards Board would be justified in setting another grade for every year?—A. I think that should be left to the Standards Board. The members of the Standards Board coming in from the provinces of Alberta, and Saskatchewan, and Manitoba, should be in a position to state whether any other grades were necessary or not each year.

Q. And your confirmation only is that in your opinion it would have been better this year?—A. Yes.

*By Hon. Mr. Dunning:*

Q. What does that depend on, the degree of damage or the type of damage?—A. More on the volume of the damage than on the damage itself.

*By Hon. Mr. Malcolm:*

Q. Another suggestion which was made by the pool representatives regarding the improvement of the grades, was that there should be another grade established on tough grain. I think the idea was that tough grain should be separated into two grades.

The ACTING CHAIRMAN: Between 14.4 and 17?

Hon. Mr. DUNNING: Two degrees of toughness.

The WITNESS: I think the suggestion was that toughs should be divided into tough A and tough B; tough A containing wheat carrying up to 15.5 of moisture, and tough B from 15.5 to 17.

*By Hon. Mr. Dunning:*

Q. Seventeen is damp?—A. No, over 17 is damp. Seventeen is allowed in the tough. That could, of course, be done by the inspection department, but I do not like the names of tough A and tough B; they are too much alike. A mistake might easily occur in making a poor A or a poor B. I think the names should be more distinctive.

Q. As much as there is now between the tough and the damp?—A. Not in the percentage of moisture, but in the name.



Q. Just as tough is a name and damp is a name?—A. Yes. At the present time the Grain Act provides for tough, damp and wet. We are not grading anything as wet. That could be divided into tough, up to 15·5, and damp up to 17, and wet over that, but I think there is an objection to that on account of calling the upper part of that tough as damp grain. It gives it a bad name.

Hon. Mr. DUNNING: So a rose by any other name does not smell as sweet?

The WITNESS: No.

*By the Acting Chairman:*

Q. What is the objection to tough A and tough B? I think they would soon be understood by the trade. There might be a little confusion at first?—

A. You have only a distinction of a letter on your certificates.

Q. As soon as these were understood there would be no confusion.—A. They would be easily understood, but I mean the clerks in writing the grades on the certificate might make a bad A which might easily be taken for a B.

*By Hon. Mr. Malcolm:*

Q. Mr. Fraser, there was another suggestion made that it might be advisable to have legislation protecting the public terminals against taking particularly low grade grain, that is, a grade that was being deliberately dumped upon them. How could that be governed? As an inspector how could you enforce protection to the public against accepting low grade grain?—A. I believe the Act of 1912 contained a paragraph in which that was covered. Paragraph is 140, section B, which required private elevators to ship equal to grade out of general bins of public elevators should protect them.

*By Hon. Mr. Dunning:*

Q. But protects the public?—A. Protects the public. If the grain out of a private house is up to the run of these bins, then it would protect the public.

*By Hon. Mr. Malcolm:*

Q. If you will permit me I will read this portion of Mr. McPhail's evidence. He said:—

There is a possibility that if the standard we suggest were put into effect some organization might try to get some particularly low quality of grain in any grade off their own hands by dumping it in a public terminal, thereby making it impossible for a public terminal to get the grain out of the terminal at the raised standard which we suggest.

That point was brought out this morning?—A. Yes.

Q. The point is, how could we carry out Mr. McPhail's suggestion? He simply states the danger.—A. If the public elevator operator had the right to appeal against any cars like that, he could protect himself.

*By Hon. Mr. Dunning:*

Q. Would not that give rise to greater evils than the one you want to correct? What is the position of a farmer shipping a car of his own to such a terminal? Would you give the farmer the right to appeal in order that that farmer's grain could be lowered?—A. I do not know whether the terminals now have a right to refuse stuff if they consider it below grade; it would seem right that they should have that power. Those four cars which Mr. Coote mentioned, were those overgraded at the primary inspection?

*By Mr. Coote:*

Q. In the opinion of the operator at the public terminal of Port Arthur, those cars had been graded too high at Winnipeg, and he did not want to take them in because he was afraid he could not get them out on the same grade.—A.

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Of course if cars are found overgraded by the Inspection Department, I think the elevator operator should have the right to draw the attention of the Inspection Department at Fort William to those cars, and if they found them overgraded then the Inspection Department could hold those cars out.

Q. In any case, if a car was overgraded, would they not have the right to appeal on that?—A. I do not know whether the operator has the right to appeal on that or not.

*By Mr. Garland (Bow River):*

Q. The point raised by Mr. Fraser would hardly be practicable, that the operator would have the right to hold out a car which he thought he should appeal against?—A. Oh, we would not expect we would have much of that. Cars are passing the inspection every day at Winnipeg that on unloading are found to be different at the point of unloading, and that the Inspection Department has regraded after notifying the shipper.

*By Hon. Mr. Dunning:*

Q. How would the Inspection Department find out that the cars were like that? How would the operator know, because he would not know it until it got into his elevator.

Mr. COOTE: I suppose that they actually started to unload one car.

*By Hon. Mr. Dunning:*

Q. How could the operator have known that there were three others sitting out on the track that were the same? How would he know that the second, third and fourth cars had any relation to the first one?—A. Very often when a string of cars is shunted in on the siding for the operator the cars are opened up by the Government representative.

Q. But he could not sample it, he has not a sampler and there is not one there.

*By Mr. Coote:*

Q. He could see through the doors.—A. He could see what the load looked like inside the door.

*By Mr. Coote:*

Q. It is not quite possible, it is not going beyond the probability to say that such a thing would happen, is it?—A. No, it is not.

Q. Because we understand that the private terminals are anxious to get the good cars, and send the minimum or line cars to the public terminals. That has been stated here often, and sometimes cars are overgraded?—A. Yes, there are times when cars have been overgraded.

Q. So that it is not at all unlikely that sometimes cars which were overgraded would be billed to the public terminals?—A. Cars passing Winnipeg of course would go to the terminal to which they are billed in the first place.

*By Hon. Mr. Dunning:*

Q. How could the car get to the public terminal? The car was billed from the country and before it was inspected at all?

*By Mr. Coote:*

Q. Are all the cars sent out of Winnipeg from country points?—A. No, we have a number of private terminal elevators there.

Q. It is only hearsay, and I was trying to clear up a point raised by Mr. Malcolm, but I understand these cars were loaded out of a private terminal at Winnipeg and billed to a public terminal at Port Arthur, and when they got

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there the elevator man at Port Arthur thought that they were too poor to be taken in under that grade?—A. Well, that is possible. I have not heard of it before, but a thing like that is possible.

*By Hon. Mr. Dunning:*

Q. How do you inspect out of the private terminals at Winnipeg?—A. After the car is loaded.

Q. The car is stabbed?—A. Yes, the car is stabbed.

*By Mr. Lucas:*

Q. Under our system of handling of grain, whereby most of the grain comes through the terminal elevator, does the producer receive any benefit from the fact that we have a few public terminal elevators?—A. Well, I do not see that he receives much benefit.

Q. In other words, if all the elevators were made private terminal elevators, he would be just as well off, under our present system of handling?—A. Just as well off as to-day, I think so.

*By Mr. Coote:*

Q. But would the private terminals be as well off?

*By Mr. Lucas:*

Q. If they were all private terminal elevators. I think the object of every member here is to endeavour to find some system to do away with the evils of mixing. Now if the public terminal elevators were all done away with and the standard raised, according to the suggestion that was made by the Pool, to the seventy-five twenty-five standard for the out-turn, in your opinion would that be the simplest way of eliminating the evil of mixing?—A. That no doubt would partly remove it, the greater part of it.

Q. Do you know of any better way?—A. The better way probably would be to make all houses public.

Mr. LUCAS: That is the very point we want to get at.

*By Mr. Garland (Bow River):*

Q. And that would require a duplication of staffs?—A. That would require an increase, if supervision is to take place.

Q. In the case of a car passing Winnipeg and billed to mills or places other than terminal elevators, is the inspection compulsory?—A. Yes, they must be inspected.

*By the Acting Chairman:*

Q. Would it be practicable, since the number of off grades has increased in late years, or would it be possible to have those off grades handled under a system of elevators which are entirely public elevators, as prevailed in the early days?

Hon. Mr. DUNNING: If you are asking me the question, I would say it could not be done. It never was done. We always had to have the hospital elevators from the very earliest.

*By the Acting Chairman:*

Q. Then we would require, would we, the continuation of the private elevators under any circumstances to handle these off grades?—A. I believe you would. If no mixing is allowed in a public terminal and benefits can be reaped by somebody by mixing and taking care of the off grain.

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Q. Now could we expect a private company to enter into a business in which they would be allowed only to handle off-grade grain? Would that be reasonable to expect?

Hon. Mr. DUNNING: They made a lot of money at one time out of only off grades.

A. They would have the option of improving it and storing.

*By Hon. Mr. Dunning:*

Q. Were you in the service when we had the difficulty that arose out of the hospitals, as they were then loading stuff out of their private houses and having it inspected in the public elevators?—A. I was not close enough to that end of it. I have been in the service since 1899, and I remember something of that.

Hon. Mr. DUNNING: We had great difficulty over it.

*By Mr. Coote:*

Q. For the information of some of us, could you tell us whether the grain out of the hospital elevators at that time was given a straight grade?—A. Yes, it was given a straight grade if it was good enough for a straight grade.

Hon. Mr. DUNNING: That was the whole fight. At that time, I might explain to Mr. Coote, their object was to get their profit out of it immediately by putting the low line stuff into the public terminals and taking in the stuff that was off grade originally.

Mr. COOTE: I have not yet got what the difference would be, if they got a straight grade out of a hospital elevator, whether it would make any difference to them by putting it into a public terminal.

Hon. Mr. DUNNING: I will explain that. At that time the hospital elevators were all small ones and could not load into a boat. They could not take your grain or mine, but could only take their own grain in. I knew only one which was on the waterfront in those days, the old King's Elevator, which was operated bona fide and was not in the objectionable class at all. They had to look after their own cars and get them shipped. But this degraded stuff they got into the public elevators and into the public bins, and thus got their profit between what they took in and what they put out immediately; and that was the real commencement of the war on mixing.

*By Mr. Coote:*

Q. I do not know whether this question should be directed to Mr. Dunning or to Mr. Fraser, but I will be glad to have either one of them answer it. If we use public hospital elevators now, how are they going to use their out-turn? Would you allow them to build on the waterfront and put it through the public terminal?

Hon. Mr. DUNNING: If you are speaking to the suggestion I made, they would simply get their inspections, which would be higher than the average of the off grades which they had taken in. I would not allow anything to go into a straight grade which came out of a private terminal. They really do this, which I am speaking of, to-day, but in addition to that they have the straight grades. I appreciate Mr. Fraser's view that while that might help the growers of straight grades, it might have some danger of impairing the value of the off grades. I do not agree with him there; but his view is of importance.

*By Mr. Coote:*

Q. Would all this inspection inside of the elevator be necessary, if it was all on the basis of grade? They would have to show the same amount of the same grade going out that they show going in?—A. Of course all that is in force

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now at the public houses. They have to weigh up and furnish each year the amount of each grade they have taken in and the amount they have shipped out.

Q. Would that not be protection enough without duplicating the staff and having a government man watching each operator within the elevator? I do not see how they could get away with anything if they have that system of checks upon them?—A. I think the operators who are operating to-day at public elevators are operating as they should; I do not think there is any mixing in the public elevators.

*By Hon. Mr. Dunning:*

Q. There seems to be an idea here that even if the number of grades going into a public terminal were not more than ten, that would mean a duplication of the whole staff. I have had some little experience in the business, and I cannot see that that is necessary. The man on the distributor floor controls the distribution?—A. Yes. Of course the distributor gets his information from the office, and he does not know whether that wheat is the exact wheat or not. To have supervision by the government you would have to start from the car to be sure that you were right.

Q. As it is going through the grading, your men are there and their men are there?—A. Yes, our sampler would be there to check that.

Q. Then it goes along the receiving belt to the leg?—A. Yes.

Q. There is no by-pass at any point there?—A. No, it has got to go to the garner.

Q. And there is nobody in the garner, but it goes through to the weigh scale?—A. Yes.

Q. And you have your men there?—A. We have the weighman there.

Q. Then it goes from the scale to the distributor floor?—A. Yes.

Q. And there is a man on the distributing floor to direct it on to the belt to the bin?—A. Yes.

Q. And the distributing is all controlled by means of a dial?—A. A dump.

Q. There is only one man working that?—A. Yes, but there is a possibility of making a mistake.

Q. There is always the possibility of a human being making a mistake, in any system?—A. Yes.

Q. But the elevator company is trying to give intelligent direction, in their own interests?—A. Yes.

Q. If it was No. 2 Northern coming up, and a certain section of that elevator was confined to Two Northern, surely it would not require an army of men to see to it that that belt ran to a Two Northern bin?—A. Well, you probably know as much or more about those elevators than I do. I have figured that it would take at least four men in each shift, with three shifts a day, in each terminal.

Q. In the larger terminals it might take a total of twelve men for the twenty-four hours?—A. Yes, I think it would take fully that.

*By the Acting Chairman:*

Q. You are dealing now only with the grain as immediately taken into the elevator. What would happen when they come to cleaning that grain and handling it from one bin to another? That would again require supervision?—A. Yes, the same men would see that drawn from the bin and returned.

*By Hon. Mr. Dunning:*

Q. The point where gravity commences to operate is the place of control?—A. In the first place, the supervisor would require to know everything about the elevator in which he was, the location and use of all spouts. You will find

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in all these up-to-date elevators that grain can be switched almost anywhere. In the work house by spouts these would have to be supervised.

Q. And probably padlocked?—A. To supervise and control it absolutely, I believe the bins would have to be sealed top and bottom, unless we have men in there twenty-four hours a day.

*By Mr. Campbell:*

Q. If you laid down the principle that the equivalent of what goes in must come out of each grade, why do you want any further provision?—A. I think that is a fairly good check, put the responsibility on the operator to see that he puts out grain equal to what he takes in. I mean in a public terminal elevator.

*By Hon. Mr. Malcolm:*

Q. Does it not come down to what Mr. Campbell suggests, that if you are going to supervise you are practically going to take full responsibility, and, therefore, you have practically to police the whole operation?—A. That is the way it looks to me.

Q. It means, that to be effective, supervision would require a big staff, and would practically mean policing, because there would be heavy responsibilities on your shoulder.

Mr. FANSHER (Last Mountain): What is wrong with that?

Hon. Mr. MALCOLM: Expense. It can be done, but it would be a matter of expense.

*By Hon. Mr. Malcolm:*

Q. You believe that the public terminals are fairly honestly operated to-day?—A. Yes, that is my belief.

Q. And that the weigh up of the grades coming in and going out is reasonably accurate?—A. Yes, it is reasonably accurate.

Q. The weigh up provides a check?—A. Yes.

Q. Well, then, if you have your weigh up as a check so that the public elevator cannot send out more of one grade than it takes in, and the out-turn produces a standard which would make mixing unprofitable in a private, are you not accomplishing in a much simpler way what you desire to accomplish?—A. I believe so. I believe that would be sufficient if the houses are operated as public houses.

*By Hon. Mr. Dunning:*

Q. Under the terms of Mr. Campbell's suggestion, that they should be allowed to ship out as much No. 1 Northern as they ship in and no more, and just as much No. 2 Northern as they ship in and no more; that is what Mr. Campbell suggests?—A. Yes, that is the situation in public houses to-day.

Hon. Mr. DUNNING: Why there are overages in the higher grades every year?

Hon. Mr. MALCOLM: Quite so, but the overages have to be given up.

Hon. Mr. DUNNING: Yes, but not by grades.

*By Hon. Mr. Dunning:*

Q. Is it not the aggregate overage that has to be surrendered at the present time and not the overage by grades, Mr. Fraser?—A. It is the aggregate overage. If that amounts to over—I think it is a quarter of one per cent—

Q. Yes, but there is nothing to prevent that overage from being surrendered at the lower end of the grade and not at the top? You do not make them surrender it all in terms of No. 1 Northern, do you? You do not make them separate it by grades?—A. The thing that happens is this, Mr. Dunning: when the elevator is weighed up it is found that they have so many bushels of each

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of the grades; from this is deducted the amount on outstanding warehouse receipts. The difference will show a shortage or overage; if it shows an overage, for instance, in No. 1 Northern, and probably a shortage in No. 2, I make them apply the number of bushels of 1 on that shortage of 2.

Q. That is to say, you make them at the present time ship out their one as two?—A. As 2, yes.

Q. And so on down the scale?—A. So on down.

Q. You are doing that now?—A. Yes. That is the way it is handled; that is the weigh up system.

Q. From that point of view then, there is no profit at all to a public terminal to-day in trying to raise its grades?—A. Well, no. There might be a slight profit. There is that quarter of one per cent to work on.

Q. I think if you are doing that to-day you are doing very well, and nobody is going to go into the public terminal business.

Hon. Mr. MALCOLM: That is why.

Mr. COOTE: Perhaps before the committee gets through we can get one of the public operators at Port Arthur to present the result of his operations over a period of years to show us what profit is in it.

*By Mr. Fansher (Last Mountain):*

Q. I am interested in this statement of Mr. Malcolm's that the objection is expense. The expense, as I understand it, comes from a certain charge on the grain, does it not, Mr. Fraser?—A. Yes.

Q. What is the average amount of money that has come from the administration of the Canada Grain Act?

Hon. Mr. MALCOLM: I will answer that for you, Mr. Fraser. No interest has been charged for the use of the money invested since the Canada Grain Act came into force, and the shortage is about a million and a half. Lately the operation has shown a surplus. Previously it showed deficits, I think, during the past ten years. Mr. Ursall, the statistician of the Board, made a statement recently that the overages have about carried a reasonable interest on the capital invested by the government, during recent years.

Hon. Mr. DUNNING: Will you put a statement on the record?

Hon. Mr. MALCOLM: Yes, I have it.

*By Mr. Fansher (Last Mountain):*

Q. What would be the extra expense or charge necessary in order to meet the added expense of supervision of all elevators?—A. Would the supervision of elevators include private terminal elevators at interior points?

*By Hon. Mr. Malcolm:*

Q. That is the next question. It would have to be complete, Mr. Fraser?—A. Yes, it would have to be complete.

*By Hon. Mr. Dunning:*

Q. What value would there be to anybody having an inspection of private terminals where you let them do as they like? There is nothing to be gained, is there?—A. No, if you let the private terminals take in only off grades, you might require supervision at the private terminals in the interior.

Q. That would be very small anyway. It is just simply an inspection of every car that comes in, that is all.

*By the Acting Chairman:*

Q. Supposing you attempt to prevent private terminals from taking in straight grades? What would you be up against in the case of a line company that had elevators out through the country, sending their own grain to their

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own terminals?—A. They would have to become public elevators. That is the only way it could be handled.

Q. There are many small line companies that would not have terminals?

Hon. Mr. DUNNING: Not many now. I would certainly withdraw any suggestion of supervision of binning in public terminals in the light of your evidence, Mr. Fraser, as to what you are now doing with respect to the weigh up. I think that what you are now doing in connection with the weigh up effectively disposes of the supervising of binning in public terminals.

*By Mr. Fansher (Last Mountain):*

Q. As I understand you, Mr. Fraser, when you say interior private terminals that would be at points like Moose Jaw, Saskatoon, and so on; that is what you mean by that?—A. Yes. Of course, you have quite a number of privately owned mixing houses throughout the west. I do not know whether supervision would have to be given to those or not.

*By Hon. Mr. Dunning:*

Q. The stuff that goes out of them has to pass inspection at Winnipeg?—A. Yes.

Q. Do they get inspection at the door of their own plant in every case?—A. The inspection is given in the Winnipeg office.

Q. You do not give them inspection at the point unless it is an inspection point?—A. At inspection points.

*By Hon. Mr. Malcolm:*

Q. Mr. Fraser, there is a question that has been of some worry to me during the past year or two. Our grain is supposed to go out of Canada on the certificate of Fort William?—A. Yes.

Q. In the transfer of our grain through our railway elevator at Port Colborne, there is no incentive there to degrade it?—A. No, I would say that is right.

Q. If the grain goes through our general channels of Canadian outlet to Montreal, there is no reinspection of Canadian grain at Montreal, the certificate must be taken from the head of the lakes. You have no right to re-inspect at Montreal, although you keep a sample of every cargo; so that if complaint is made, reference may be made to that sample to see how that sample compares with the original certificate at the head of the lakes?—A. Yes.

Q. I think that that is very good protection. But I want to ask you this more important question. I do not think myself that through our own regular channels, that through our railway elevator at Port Colborne, and so forth, there is any of our grain being degraded till it gets to the seaboard. But, when shipment of grain go to a terminal elevator in Buffalo the American Customs officer, I am informed, breaks the seal of the car and permits the entry of that grain into a terminal at Buffalo, it is supposed to be in bond?—A. Yes.

Q. Then he checks it out again into a car for New York, but he has no control whatever of the grain while it is in the terminal at Buffalo, has he?—A. That is the Customs officer.

Q. The Customs officer?—A. No, I do not believe he does, Mr. Malcolm.

Q. So that our Canadian western grain, on a certificate from Fort William, is lying in a Buffalo elevator without any control, particularly as to its internal movement of in that house, by the American Customs authorities?—A. That is correct.

Q. And certainly no control by the Canadian Government Inspector because you cannot be on foreign soil. Now, you will admit with me, Mr. Fraser, that while there is no incentive for a Canadian transfer house like that at Port Col-

[Mr. J. D. Fraser.]

borne, for instance, for doing anything wrong with our grain, there is an incentive for a Buffalo house to do something wrong, of 42 cents a bushel?—A. Yes, that might give him some cause for—

Q. For a desire to get some of the wheat and substitute something else?—A. Yes, that is possible.

Q. Supposing some of that grain is shipped back by canal sized boats, to Montreal, and then reshipped to Britain from there, or supposing that grain still stays out of your hands and goes into a sealed car to New York from Buffalo, how much could that grain be tampered with by the subtraction of a percentage of it and by the substitution therefor of a percentage of American grain of lower grade, or lower milling value, without it being detected in Montreal?—A. The percentage would be small.

Q. Would it be four per cent?—A. Well, it would all depend on the nature of the American wheat that had been mixed in.

Q. Even although there is a very strong sentiment—and always has been—expressed in this Parliament against reinspection at Montreal, do you not agree with me, Mr. Fraser, that, where grain passes through a foreign terminal, reinspection should be made at Montreal?—A. Yes, I have felt that way for some time, Mr. Malcolm, that grain arriving in that manner should be reinspected before it is allowed into the elevators at Montreal.

Q. There is a possible chance of our western certified grain passing through Buffalo, to be degraded at Buffalo, but we have no way at the present time of checking whether it has been degraded or not?—A. That is right.

*By Hon. Mr. Dunning:*

Q. How much of our grain passes through Buffalo en route to Montreal; that is, how much grain is involved in this?—A. Quite a large quantity at times goes through Buffalo.

Q. Because of congestion at Port Colborne, or what is the reason?—A. Yes, partly that, on account of congestion at the Canadian lake ports.

Q. I did not think that very much went by boat from Buffalo to Montreal?—A. At times quite a lot.

*By Mr. Millar:*

Q. That might particularly be brought about by the American boats being allowed to carry from a Canadian port to an American port?—A. They can take from Fort William to Buffalo, and from Buffalo to Montreal.

*By Mr. Lucas:*

Q. Have you heard of any complaints, Mr. Fraser, of mixing taking place in Montreal?—A. Of western grain?

Q. Yes?—A. That is, grain going out on western certificate?

Q. Yes?—A. None whatever. When I say that, two claims have been settled on account of an error that occurred in loading.

Q. Have you heard of any complaints in regard to mixing of Kota wheats and barley and rye at Montreal?—A. Not into western Canada grain. There is no mixing of other grains into western Canadian grain that is carrying a western Canadian certificate out of Montreal.

Q. We had representations made to us here in this Committee that western Canada is trying to produce a high quality Durum wheat. Durum wheat is being grown now in large quantities in western Canada in certain districts that are subject to rust, and they are trying to produce a high quality Durum wheat, and we have representations made to us here that the Americans are producing a lower quality Durum wheat, many varieties of it, I believe, and that they are shipping a lot of that through Montreal and mixing it with our higher class Durum wheat there. Have you heard of any such complaints?—A. Yes. Such mixing is taking place at Montreal.

[Mr. J. D. Fraser.]



*By Hon. Mr. Malcolm:*

Q. But not with higher grade Durum from western Canada?—A. The grades that are so used in this mix are the low grade Durums, barley and rye.

Hon. Mr. MALCOLM: With regard to this whole subject, for Mr. Lucas' information I would like to say that I have just recently had a memorandum prepared of the situation, existing in Montreal, for the benefit of the Committee, I do not think that I could do better than put the memorandum on record in the evidence. (Memorandum printed in appendix.)

*By Hon. Mr. Malcolm:*

Q. The situation, as I understand it, is that: there is no mixing at all, Mr. Fraser, of high grade wheats?—A. No.

Q. There is no Canadian firm at the present time doing any mixing at Montreal?—A. That is what I understand.

Q. The only mixing at Montreal is the mixing of low grade Durums, with American wheat. There is issued at Montreal a certificate, provided for in the Act, by the eastern Inspection Division, for American wheat going out of Montreal?—A. Yes.

Q. It was formerly sent out as American wheat. The American officials objected to this grain being called American grain because it was mixed with a low grade Canadian grain. They said it was not a fair representation of American grain?—A. That is right.

Q. Then you adopted an open certificate?—A. Yes.

Q. Which, in my opinion—and I think in yours too—would better be described as an admixture of Canadian and American wheat?—A. Yes.

Q. These shipments mostly reached the macaroni trade on the Continent, and the buyers knew its composition. The open certificate is, I think, the certificate that has recently been complained of for the first time?—A. That is right.

Hon. Mr. MALCOLM: I think we should have Mr. Bowen give evidence. Mr. Bowen contends that he has helped the Canadian producer of low grade Durum to find a market in this manner. In every instance Durum wheat going through Montreal would otherwise have gone via New York and Buffalo and been mixed there. The owners had better freight rates by shipping to Montreal. They also brought their American grain to Montreal and mixed a quantity of the lower grade Canadian Durums, for export. This memorandum fairly well covers the situation. The memorandum is of value, but when we hear Mr. Bowen we will get fuller representation.

The ACTING CHAIRMAN: The situation that was presented to us by the Manitoba pool was that our Durums were being mixed with low grade American Durums. I think I am right in stating that.

Mr. LUCAS: That was the impression I got.

Hon. Mr. MALCOLM: I think you will find, Mr. Lucas, that that is not the situation.

Mr. GARLAND (Bow River): This is Mr. McPhail giving evidence, at page 1, of the Minutes of Evidence, Volume No. 1:

Now, the first is the eliminating of mixing in the port of Montreal. It is known, and it is denied, that the practice of mixing is carried on in the port of Montreal in connection with barley, rye, and Durum wheat. Now, according to my information, and according to any information we have as organizations, there is no mixing carried on in connection with our hard spring western wheat. The mixing is carried on between barley and Durum wheat with American grain that is shipped through

[Mr. J. D. Fraser.]

the port of Montreal to Europe. We know that that is illegal, and I think it is acknowledged that the practice is, at the present time, illegal. We simply want to have the law enforced in order to prohibit all mixing because we find it affects the sale of our grain—Durums, rye and barley—in the markets of Europe.

The witness retired.

The Committee adjourned until Tuesday, April 23, at 11 a.m.

## FILED BY THE HON. MR. MALCOLM

### MEMORANDUM *RE* GRAIN HANDLING AT PORT OF MONTREAL

(See Supplementary Statement at Page 505 post)

1. All Western grown Manitoba spring wheat received in the port of Montreal is binned separately according to grade. The identity of the grades of such grain is preserved by separate binning and is shipped out in accordance with orders received from the shippers, owners or agents.

2. During the past six or eight years an additional market has been secured for considerable quantities of low grade Canadian grain which was found difficult to market under the classifications given it by Western certificates. The method adopted has been to permit the owner of the low-grade Canadian grain to export it with American grains.

3. The Canadian low-grade grains referred to are:—

Durum Amber No. 3 C.W.—No. 4—No. 5 rejected and tough.

Barley No. 4 sample. Tough. Rejected.

Oats No. 1 Feed, No. 2 Feed. Rejected.

Rye No. 3 C.W. Tough. Sample and rejected.

4. This method of disposing of the low-grades so mentioned has been granted to U.S. shippers who purchase the grain at the head of the lakes and who have the option of disposing of the grain so purchased in this way at Buffalo or New York. It is understood that their reasons for shipping through Montreal are:—

(a) That it is the cheaper route.

(b) Sometimes they cannot get a sufficient quantity of these off-grades in the United States.

5. The Eastern Standards Board fixes the standard samples each year for United States grain and composite parcels of grain are shipped out on standards so fixed.

6. When the shipment is entirely of United States grain it is shipped out on a certificate stating (Canada Grain Act Sec. 97):—

“This grain is of United States production and is inspected to standard samples selected by the Grain Standards Board appointed by the Board of Grain Commissioners for Canada under the Canada Grain Act.”

7. The composite shipments have been going out on the “OPEN CERTIFICATE” which reads in part as follows:—

“This grain is inspected to standard samples selected by the Grain Standards Board for the Eastern Inspection Division appointed by the Board of Grain Commissioners for Canada under the Canada Grain Act.”

8. The following quantities of the various low-grade grains of Canadian origin and United States grains that have been shipped from Montreal from April 1, 1928, to December 31, 1928, and from St. John and Halifax from December 1, 1928, to March 19, 1929:—

*Montreal:*

	Bushels.
Durum Open. . . . .	13,804,511
Rye Open. . . . .	8,680,106
Oats Open. . . . .	346,850
Barley Open. . . . .	nil

*St. John:*

Durum Open. . . . .	6,032,600
Oats Open. . . . .	215,349
Rye Open. . . . .	1,036,448

*Halifax:*

Durum Open. . . . .	482,172
Rye Open. . . . .	506,825

9. The reason for issuing such open certificate is that in the opinion of the inspection department and the Board of Grain Commissioners, there has been no dependable market for these lower grades in Canada nor of themselves is there a market in Europe. With the addition however, of United States grain, the total is brought up to standard as set by the Eastern Standards Board.

10. No grain inspected in the West is re-inspected in Montreal except such grain as may have gone out of condition as provided for in the Grain Act.

11. Although it is not required or stipulated in the Act, the inspection department has thought it advisable to retain samples of out-going higher grade cargoes of Western grain, retaining these samples until danger of complaint of the cargo has passed.

12. In the opinion of the inspection department a certificate should be provided in the Act to cover shipments composed of American and Canadian grains.

DEPARTMENT OF TRADE AND COMMERCE.  
April 19, 1929.



DOMINION OF CANADA  
THE DEPARTMENT OF TRADE AND COMMERCE

FORM E. D. 6

No.....

EASTERN GRAIN INSPECTION DIVISION

BOARD OF GRAIN COMMISSIONERS  
FORT WILLIAM, ONTARIO  
CANADA

Montreal,..... 19.....

THIS IS TO CERTIFY that there has been inspected and put on board the.....

Elevator Weights		Bushels.....	Wheat.....	Grade.....
.....	do	.....	Corn.....	do
.....	do	.....	Oats.....	do
.....	do	.....	Rye.....	do
.....	do	.....	DOMINION GRADES	do

For Account of.....

THIS GRAIN IS OF UNITED STATES PRODUCTION AND IS INSPECTED TO  
STANDARD SAMPLES SELECTED BY THE GRAIN STANDARDS BOARD  
APPOINTED BY THE BOARD OF GRAIN COMMISSIONERS FOR CANADA  
UNDER THE CANADA GRAIN ACT.

Inspector

Chief Deputy Inspector

FORM E. D. 6A

DOMINION OF CANADA  
THE DEPARTMENT OF TRADE AND COMMERCE

No.....

# EASTERN GRAIN INSPECTION DIVISION

BOARD OF GRAIN COMMISSIONERS  
FORT WILLIAM, ONTARIO  
CANADA

Montreal,.....19.....

THIS IS TO CERTIFY that there has been inspected and put on board the.....

Elevator Weights		Bushels	Wheat	Grade
.....	do	.....	.....	do
.....	do	.....	Corn	do
.....	do	.....	Oats	do
.....	do	.....	Rye	do
.....	do	.....	.....	do

DOMINION GRADES

Inspector

For Account of.....

THIS GRAIN IS INSPECTED TO STANDARD SAMPLES SELECTED BY THE  
GRAIN STANDARDS BOARD FOR THE EASTERN INSPECTION DIVISION  
APPOINTED BY THE BOARD OF GRAIN COMMISSIONERS FOR CANADA  
UNDER THE CANADA GRAIN ACT.

A. A. BOWEN,

Chief Deputy Inspector.

W. THORNBUR.

## HOUSE OF COMMONS,

TUESDAY, April 23, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11.00 a.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: On Friday Mr. J. D. Fraser was giving evidence and is to-day again before the Committee. Are there any further questions to be asked of Mr. Fraser?

JAMES D. FRASER recalled.

Mr. COOTE: Mr. Chairman, at the last meeting of the Committee I commenced asking certain questions of Mr. Fraser, in regard to the grading of wheat; before I got through we switched off on to the question of mixing. I would like to suggest that we make sure that we are through with the question of mixing before I attempt to get Mr. Fraser to elucidate on the question of the grading of wheat. I am prepared to ask further about the grading of wheat, if the Committee are through with the question of mixing, but I want to be sure that everything is through on that subject, if possible.

*By Mr. Millar:*

Q. If I remember rightly, when we finished we were dealing with this question; it was suggested, I believe, by Mr. Campbell that the matter of inspection or supervision of binning in public elevators might be largely obviated by the practice of the Chief Inspector in causing public elevators, when they found an overage of No. 1 Northern, to send it out as No. 2; and of No. 2, to send it out as No. 3, and so on. In that connection, I would like to ask if Mr. Fraser is reasonably sure that the government is getting all the overages to which they are entitled; and also has he ever had notice that overages are sent out by the underground channel as screenings, or mixed with screenings?—A. I believe that the government is getting the proportion to which they are entitled of the overages; of late years, I do not think any of the public elevators are trying to get away with wheat in their screenings. When screenings are loaded out we sample them, the same as we do with other grain, and make a separation to determine what is in it; and if there is any proportion of domestic grain in it, we would make those cars CC for the domestic grain. We have never had to do that for a number of years.

Q. Were you ever notified of an attempt to get rid of No. 2 wheat from Vancouver port by mixing it with screenings?—A. Of course we have found a few cars that have had wheat in them, but we always make the separation and note amount. A car like that would be graded Elevator Screenings CC so much wheat; and our records would show that. The elevators may have made that attempt; I am not aware of their having made the attempt; but we have found a few cars with domestic grain in them, which we have marked CC.

[Mr. J. D. Fraser.]



Q. This is the case of a car with forty per cent of wheat in it. The cars were sealed and it was found, when the seals were broken, that the wheat was there, or from twenty to forty per cent of No. 2 wheat.—A. I do not remember any such instance. Of course we have had cars which we have sampled before they were sealed up, in which we have found domestic grain, and have marked them CC. I do not remember of any case in which we have found grain that we had not found in the first place.

Q. Some years ago there was an agitation about slides in the bottom of bins. Is it not a pretty difficult task for an inspector to examine the bottom of bins to see their condition.—A. In all public elevators the binning is examined very closely to find that there are no bins into which they can slide stuff where it should not go. In the past we did find one or two such bins, but that matter has been corrected.

Q. It would seem to boil down to this, that if there is no underground channel by which they can get rid of the overage, your method would be effective?—A. I do not think there are underground channels of that nature to get away with it. The spouting of any elevator can be checked up to see that it is right, and that such spouting is not in existence or is not being used, at all events, by locking them up.

Q. It was stated in your former evidence that it was most difficult to supervise the binning of public elevators. With the recommendation of the Saskatchewan Grain Commission that the Boards be empowered to cancel the license of any elevator manager, would it not be possible for an inspector to check up from time to time to see if a public terminal elevator were mixing, and use that power, holding it over his head, so that if they found one that would desist they could cancel his license? Do you not think that would be pretty effective in stopping mixing in public elevators?—A. Of course we would require full supervision. You could not do it by part time, but you would have to do it all the time if you wished to do it at all. Supervision, along with what is applied to-day to public elevators, would no doubt stop any possible chance of mixing. I do not know that the Committee fully understands the method which is employed at the present time in public terminals. In the first place public elevators are weighed up each year by the weighing department under the Board of Grain Commissioners. The weighing department go into an elevator and seal all the bins, and then they start with one bin and transfer it through the scale and weigh it back into another bin; and then start on a second bin, and so on, until they have finished with the whole of the elevator. When they have finished their weigh-up they make a statement showing the amount of each grade in bushels in the elevator. From these amounts are deducted the amount of outstanding warehouse receipts for each grade. Now that will show either a surplus or a shortage in each grade. Then that statement is forwarded to me for adjustment. I make the elevator apply, the higher grade on the lower, if there is a shortage on the lower; and that works all the way down. For instance, a shortage in No. 2 and No. 3 Northern, and an overage in No. 1, I would make them apply the No. 1 overage on 2 and 3, or on tough—one.

Q. Is the quarter of one per cent which they are allowed pretty well spread over the various grades?—A. If the overages are in the higher grades, that would come out of the higher grades.

Q. What I wish to ask you is from memory. Could you tell whether it is usually in the higher grades?—A. Usually when the bulk of our grain is in the higher grades, it is in the higher grades. For instance, in the last two or three years, in which we have had very little No. 1 Northern, there would be no overage in the No. 1 Northern; it would be in lower grades.

*By Mr. Donnelly:*

Q. With regard to the penalty and the issuing of a license, do you think it would be well to have a penalty which would cancel the license rather than having a fine?—A. That is a matter which is under the Board of Grain Commissioners.

Q. In some cases probably a good substantial fine would be better than cancelling a license, because space is often needed for the storage of grain?—A. Yes, that is right.

*By Mr. Millar:*

Q. In the case of overage it is the practice for the government to take all over a quarter of one per cent?—A. Yes.

Q. But they are not able to collect that?—A. I understand that there was some trouble in collecting it, but that they have collected it from some elevators at least.

Q. But they have not collected it from others?—A. That may be so, I am not familiar enough with that to be able to answer your question intelligently.

*By Mr. Donnelly:*

Q. There was some suggestion that the Government public elevator had to go. What would happen to it?—A. It would have to become a private elevator. I do not know what the government would do.

Q. You would not like to be the operator running a government private terminal?—A. No, I would not.

*By Mr. Brown:*

Q. Is there any attempt to keep the outturn of a public and a private terminal separate when going to the market?—A. None, whatever.

Q. How would it be possible to keep up the standard?—A. They will be mixed up en route; there will not be a great deal of difference between the outturn of a private and the outturn from a public elevator,—not sufficient to make any difference in shipments.

Q. There was a suggestion of the two standards, and that was in my mind?—A. Of course the standard for the public elevators is the minimum for the grade. It is very infrequent that they will ship out down to that minimum; they might get a carload but they would not get a cargo out, for instance.

*By Mr. Ross:*

Q. In connection with the mixing, I was not here while all the discussion was on and do not know what discussion went on because we have not got the evidence yet. In your opinion, if there were no mixing allowed in the straight grades, would it be possible to make a few grades to cover all the wheat that came in that was No Grade now? That is, for either Tough, Damp, Smutty or any wheat that had to be conditioned?—A. That is really off grades?

Q. Yes, could you make grades to carry that, without making too many separate grades?—A. I think it would be possible.

Q. Say six grades of straight grade wheat, and then a certain number of off-grade wheat that had to be conditioned?—A. That would be possible, of course. In the past we have graded almost every feature of those off-grades, and named them, so that the shipper would get the benefit if there was any benefit to him. That might be changed and those grades reduced to six, or eight, or ten anyway at the most, instead of forty or fifty.

*By Mr. Coote:*

Q. At the last meeting of the Committee, Mr. Fraser, you dealt with the definition for No. 1 Northern wheat, and I would like to ask you now if you will take the definition for No. 2 Northern and advise the Committee just how you make up the sample which is used for the official grading of the No. 2 Northern for each year, and whether you use the definition given here in Section 94 as a guide in making up the sample, if you will be good enough to do that?—A. In making up the standard sample for No. 2 Northern, we are of course guided by the definition for that grade in the Act. The definition, in the first place, says, "Shall consist of hard red spring wheat equal in value to Marquis wheat." The value of any variety of wheat of course has got to be determined by a milling and baking test prior to the placing of a grade by the Inspection Department. We do not do any milling or baking, and we have to have that work done by the laboratory at Winnipeg and possibly by some outside places, to determine the real value of any new variety of wheat. After the quality of the new variety is determined by milling and baking we then determine whether it is entitled to go into for instance No. 1 Northern; if not into No. 1 Northern, then into No. 2 Northern. If it is found to be a quality good enough to be in No. 2 Northern it is placed there as well as Marquis wheat.

Now it says, "Shall be reasonably sound," and that of course could be interpreted in different ways by different people. I would interpret that as that No. 2 Northern may carry slight damage of bran frost, slightly immature, some badly bleached, and some shrunken wheat.

*By Mr. Brown:*

Q. Any sprouts?—A. Odd sprouts; possibly a small proportion of reasonably heavily frozen or immature wheat, green. The percentage of these defects is pretty hard to fix. It depends on the quality of the sample you are examining. It might be all hard red wheat, or it might be partly hard red wheat and partly starchy. All hard red wheat will carry a higher percentage of slightly damaged than starchy wheat. So that it is a difficult matter to determine in percentages just what would go into Two Northern; but roughly I would place the amount around ten per cent of these defects.

*By Mr. Ross (Moose Jaw):*

Q. What percentage of piebald kernels would No. 2 contain?—A. Fifty-five per cent. Now, that covers the first half of the definition for Two Northern. The latter half allows softer varieties of Red Spring Wheat to go into Two Northern. It requires a heavier wheat and a higher percentage of red kernels. Such as Preston, Stanley, Huron and other varieties about the same value are allowed into Two Northern when they are fairly sound and ripe. The latter portion, I estimate, should not carry quite as high a percentage of damaged kernels as is contained in the first part of this definition.

*By Mr. Coote:*

Q. Might I ask you there, Mr. Fraser, do your inspectors have any difficulty in distinguishing varieties?—A. At times, yes. There are some varieties that are quite readily distinguished. There are others that it is a difficult matter to distinguish, especially if they have been subjected to rain or snow and are bleached.

Q. Could you write a definition for "reasonably sound" which might be incorporated in the Grain Act, Mr. Fraser?—A. The only way I see that that might be done is by placing it in the form of percentages, Mr. Coote. Any

[Mr. J. D. Fraser.]



other definition, any other wording, would be just as bad as "reasonably sound." I think the only way to definitely find out would be by percentages, and that would be a rather hard matter.

Q. Do you think it could be done?—A. Well, it might be done. Whether it would be an improvement on the present term or not, I am doubtful.

*By Mr. Brown:*

Q. Would the difficulty be that you are not always dealing with the same kind?—A. Yes.

Q. That the grade varieties would be difficult to explain in percentages?—A. Yes, it is not only the percentage of damage; it is the degree of damage, the degree of immaturity that enters into it as well.

*By Mr. Coote:*

Q. This Committee has dealt with several bills in the last few years with regard to the grading of other agricultural products, and as far as I remember, in nearly every case, there were several definitions placed in the Act. I have one before me which happens to be a bill in regard to the grading of root vegetables. There is a definition for "sound" in that Bill. Their definition for other terms that are used in describing vegetables would not apply to wheat. It seems to me from the standpoint of the producer, particularly, that if the samples on which the wheat is graded are set to comply with the definitions in this section, that term "reasonably sound" really ought to be defined in some way in the Act. If not, I think you will admit this, that so far as the producer is concerned it looks like very loose language?—A. You will find that the same term "reasonably sound" is used in Two Northern and in Three Northern. I would take it that "reasonably sound" in Three Northern does not mean exactly the same as "reasonably sound" in Two Northern.

Q. Then, Mr. Fraser, could we dispense with those words "reasonably sound" and get a definition for Two Northern that would be more satisfactory and would be of more value to the producer when he was trying to make up his mind as to what grade should be given to his own product, one that would be of more value to the country buyer of wheat than the present definition?—A. I believe that is possible Mr. Coote; but I would not care to attempt to give you one at the present time.

Q. I think the first meaning of damaged wheat which you mentioned in connection with No. 2 would be bran frosted wheat. Would it be possible, Mr. Fraser, to make up type samples of frosted wheat, one of which of course, would be bran frosted wheat which might go into No. 2?—A. I believe that would be possible, Mr. Coote, all right.

Q. If that were done, and those samples were made available to all grain buyers, would that not be of considerable advantage to them when they come to grade wheat out of a country point?—A. Well, I do not know whether it would be an advantage in every instance. The sample that might be made up might not be representative of the wheat in very many districts. In the first place, it would be a composite sample made up from different sections of the country, and would not exactly represent the grain at any one point close enough to be really a good guide to a buyer.

Q. Mr. Fraser, have you any idea of the percentage of western wheat that is sold as what we call, street wheat?—A. No, I have no idea of the quantity.

Q. Well, the statement has been made, some time past—it may not be true now—that as much as fifty per cent, sometimes, was handled as street wheat. Do you know whether that would be approximately correct?—A. No, I could not tell you.

[Mr. J. D. Fraser.]

Q. At any rate, it is quite a large percentage?—A. I believe so. It has been in the past.

Q. All street wheat must be graded by the country buyer; is that not correct?—A. Yes. I would expect so.

Q. Now, do you think that under the present system of grading the country buyer is really in a position to place the proper grade on the wheat when it is brought in by the farmer; and in answering that question will you tell the Committee just what the country buyer has to guide him in the grading of that wheat?—A. Of course, I could not tell the Committee what the country buyer has, because I have nothing whatever to do with the country buyers. I understand that they are furnished with samples by the heads of their firms, but what the samples are I have no idea. I have nothing to do with the country buyers.

Q. I think you said to the Committee the other day that in your opinion the amount of wheat which is now made up in the standard samples would not be sufficient to furnish samples to all the country buyers in Western Canada?—A. Yes, that is so, Mr. Coote.

Q. It would seem that these men are not furnished—at least they are not all furnished with any of those samples?—A. I think that is right too, Mr. Coote.

Q. Do you think it would be advisable that those country buyers should have something on which they could give a fairly correct estimate of the grade of the wheat which they are buying as street wheat?—A. I believe they should have something to base their judgment on.

Q. Then, Mr. Fraser, what, in your opinion, would be the best way of furnishing standard samples to them—samples which we now make up; or by endeavouring to give a fairly definite statement of the different types of wheat which could go into the various grades?—A. I believe a statement giving the various types and percentages of damage, if it is feasible, would be the better way.

*By Mr. Donnelly:*

Q. If you put in the percentages, do you not think it would have a tendency to make the mixing houses see that it did enter up to that percentage?—A. It makes it possible for them to do that.

*By Mr. Coote:*

Q. Do you think the mixing houses are putting out anything now that does not contain about all the damage that could go into all those grades?—A. Some of the mixing houses are putting out pretty fair shipments, Mr. Coote.

Q. If you can find some way of preventing mixing that objection need not enter into the consideration?—A. No, that is quite right.

Q. I have here a circular. It was issued in the year 1924, and it is headed "Interpretation of the Canada Grain Act, and Standards as set by the Grain Standards Board." Then it goes on to give the definitions of these grades in much more complete language than is given by the Grain Act. Do you know whether that was issued by your office; or are such circulars ever issued by your office?—A. No, this is not issued from our office, Mr. Coote, at all. I do not know where that would be issued from.

Q. Have you seen that circular, or, rather similar circulars, at all?—A. Not that I remember. This must be a pretty old circular because I see the weight of No. 3 Northern is fifty-six pounds.

Q. Yes, it is dated 1924. You will see the date on the top.—A. The weight now is fifty-seven pounds.

[Mr. J. D. Fraser.]

Q. I wanted to know whether this emanated from your office?—A. No. We have never issued any such statements as that from our office.

Q. Do you issue any statements of any kind for the guidance of your own inspectors, or for the guidance of buyers?—A. We never issue anything for the guidance of buyers. We issued instructions at times for our inspection officers at outside points; but we never put the percentage of damaged grain allowable in One, Two or Three Northern in any instructions.

Q. Do you state the amount of foreign grains that could go into these different grades?—A. Yes, we give them information along that line.

Q. Is that information given to anybody else except your inspectors? I mean, is it issued to the trade?—A. No, we only issue that to our own inspectors.

Q. Is there any objection to anyone else securing that information? I mean, do you attempt to keep it for the use of your own staff entirely, and is there any objection to anyone else having access to it?—A. We do not attempt to make it secret. It is for our own officers. It is issued for their benefit and with the object of keeping the work more uniform at the different points.

Q. Well, could you give a definition somewhat similar to this, perhaps a little more complete, by your office each fall which might be available to the public and to anyone who would apply for it, and which might be supplied, we will say, to country elevators and thus be available for the guidance of country buyers and of producers as well?—A. Anything of that nature that might be issued would have to come through the Board of Grain Commissioners. It could not come through the Inspection Department.

Q. Well, it would have to be made up by your Department, it seems to me?—A. Possibly we would have to assist in making it up.

Q. Do you take any instructions from the Board of Grain Commissioners in regard to the setting of grades?—A. No, none whatever.

Q. They do not attempt to supervise your work in that connection?—A. Not in the establishing of grades, no; or in the grading.

Q. As a matter of fact, I understand they do not pretend to know anything about it?—A. I do not know whether they are required to do so or not.

Q. That last question may not have been fair. Do you consider you are under the jurisdiction of the Board?—A. Certainly.

Q. The reason I asked that question is that a few years ago I had an experience with one of the Commissioners when we were examining the standards of two years and comparing one with the other. He said that in his opinion there was a difference of about one grade between these two standards for the two different years, and then he said to me, "What can I do about it?" I am just trying to find out from you whether he could do anything about it or not, or whether the setting of those standards is absolutely in the hands of the Chief Inspector?—A. I would say that it is in the hands of the Chief Inspector, according to the Grain Act.

Q. That is the way you would interpret the Act?—A. That is the way I would interpret the Act.

Q. Now, Mr. Fraser, I think it was three years ago when either yourself or one of the Board of Grain Commissioners when asked a question regarding the possibility of setting each fall a more complete definition of the grades and having it sent out to the country elevators—I think either you or one of the Commissioners said that that could be done, and, as a matter of fact, an attempt would be made to do that in the next year. Do you remember whether that has ever been done?—A. It is the first I have ever heard of it, Mr. Coote. It must have been one of the Commissioners who made that statement. It has not been done as far as I am aware.

Q. Now, Mr. Fraser, I would like to ask you if you would deal with a definition for No. 3 Northern in somewhat the same way that you did for No. 2



Northern? Just advise the Committee what wheat can go into No. 3 Northern and how that standard sample for No. 3 is made up.—A. The Three Northern is a different proposition altogether from the One and Two; it is the dumping ground really for the higher qualities of our wheat. It is a very broad grade; that is from the top to the bottom there is a big margin.

Mr. GARLAND (Bow River): Hear! Hear!

WITNESS: One of the difficulties in dealing with this Three Northern grade is that it may be wheat which is hard and vitreous, or it may be wheat practically all starchy. The percentage of damage that would be allowed in that hard vitreous sample probably would not be allowed at all in the Starchy sample. Cars of wheat that have been graded Three Northern when composed of hard vitreous kernels containing as high as thirty to thirty-five per cent of slight frost damage. Cars have been cut out of Three Northern, being soft and starchy, with seven or eight per cent of damage, green, badly frozen stuff. So that is about the margin between the top and the bottom of Three Northern.

*By Mr. Brown:*

Q. You take into consideration what is left of the good stuff rather than the damaged?—A. You take into consideration the quality of the good stuff, as much as the damage contained in Three Northern.

*By Mr. Millar:*

Q. I would like to ask a question in regard to One, Two and Three. Is any consideration given in practice to a grade that is separated into perhaps three factors, three specifications for that grade, supposing it falls slightly below One. It might have a surplus of hard red vitreous kernels, and it might have a greater weight per bushel, but in the next requirement it might fall slightly below. Is any consideration given to that?—A. Yes, just as much as I have mentioned. If it is hard, vitreous and heavy wheat it will carry a larger percentage of damaged kernels than a softer starchy sample would.

Q. Does that mean that sometimes such a car—knowing that it is all graded within the minimum of a certain grade—it is placed in that grade notwithstanding the fact that it falls down in one particular?—A. Well, I would not say if it was below the minimum of the grade that it would be placed in it, Mr. Millar, but it would certainly be given the benefit of any doubt as to its being equal to that grade or not, where the poorer quality of wheat would not be given that benefit.

Q. In that case, would it not follow that certain cars that were very high in three requirements and fell a little in one would be placed in a grade, say, No. 2, whereas it really is in value superior to some cars of a higher grade?—A. Of course, I would not like to acknowledge that. It would be acknowledging errors in grading, if it is considered equal to One, it is graded One.

Q. It is rather a weakness in the system?—A. Yes, if that had been taking place, it would be. If it is considered equal to One, it would be placed in One even if the defects were there in a greater percentage than is the usual thing.

*By Hon. Mr. Motherwell:*

Q. Mr. Fraser, why is No. 3 called the Inspector's grade? It is sometimes spoken of that way?—A. Well, I really could not tell. I have not heard it described that way.

Q. You have heard it?—A. I may have.

*By Mr. Millar:*

Q. Did you ever hear it called the mixers' grade?—A. Of course, there are all kinds of terms applied to it. I may have heard them, but if I have, I have forgotten.

*By Mr. Donnelly:*

Q. It says in No. 1 that it shall contain sixty per cent of hard red vitreous kernels and that No. 2 shall contain forty-five per cent of hard red vitreous kernels. Do you think it would be an advantage if you said in No. 3 what percentage of hard red vitreous kernels it should contain?—A. Yes, I think it should be there.

Q. Twenty-five or thirty-five per cent?—A. I would say twenty-five.

Q. Do you think it would be out of the way to divide the definition of No. 3 into two parts, and have it divided into hard red spring wheat, and softer varieties?—A. Well it might be advisable. As it is, it allows both these varieties in it.

Q. Do you think it would be wise to widen the definition and say what percentage of hard red vitreous kernels it should contain and later on, describe it as it does in No. 2; give a bigger weight per bushel and a bigger percentage, and call for the softer varieties of spring wheat in a definite percentage, or purer varieties or cleaner varieties than it does at the present time, the same as in No. 2, or would you be satisfied to put in the percentage of hard red vitreous kernels?—A. The only difference you could make would be between hard red varieties and the softer varieties. You might allow the softer varieties of wheat in when heavier and a higher percentage of red kernels and probably sounder than wheat of the better varieties or the harder wheat.

*By Mr. Garland (Bow River):*

Q. You are talking of the milling varieties of wheat?—A. This will be all red spring wheat varieties.

*By Mr. Donnelly:*

Q. Suppose you said as in No. 2 "No. 2 spring wheat shall be sound and reasonably clean weighing not less than 58 pounds to a bushel." Could that be done?—A. Yes. That might be done.

Q. There would be two parts. One would be equal to Marquis, and thirty-five per cent of vitreous kernels?—A. That might be a good idea.

*By Mr. Coote:*

Q. You will notice it says, "No. 2 Manitoba Northern Wheat shall consist of hard red spring wheat, equal in value to Marquis wheat." Would you kindly tell me what varieties you consider hard red spring wheat, and what varieties you consider soft spring wheat.

Mr. GARLAND (Bow River): That is the point.

WITNESS: That is the point. I think I have a note of that here. We have Marquis, Kitchener, Ruby, Red Fife, Early Triumph, Red Bobs, Early Red Fife, Renfrew, Prelude, Blue Stem, and Reward—all are graded into One Northern, and possibly Garnet Wheat. If the experiments that are being made this summer indicate that it should go there, it will be placed there.

*By Mr. Coote:*

Q. Would you consider those hard red spring wheats?—A. Yes.

Q. The term is used here in connection with No. 2, "hard red spring wheat" and "soft varieties" of red spring wheat. I would like to know if you possibly can tell us what are the soft varieties?—A. The varieties I have mentioned are what we call hard. The soft ones would include Stanley, Purcie, Red Club, Huron, Preston, Brown Head, Ceres, Kota, Vermilion, and Parker's Marquis.

[Mr. J. D. Fraser.]

*By Mr. Campbell:*

Q. Are they not varied according to the districts in which they are grown? Even Fyfe might be a soft wheat if it was grown in a bushy district?—A. It is still a hard red variety. The first list that I mentioned are all hard red varieties of wheat.

*By Mr. Brown:*

Q. The others are red only?—A. The others are red only. We call them the softer varieties.

*By Mr. Coote:*

Q. Blue Stem. Do you consider that a hard variety?—A. It is A-One wheat. There is really none grown to-day. At one time we had quite a lot, but it has disappeared.

*By Mr. Ross (Moose Jaw):*

Q. That was one of the best kinds of American hard wheat?—A. It was one of the best.

*By Mr. Coote:*

Q. I remember growing what was sold us for Blue Stem wheat one year, and it was white wheat?—A. Blue Stem is a red wheat, a hard red wheat.

Q. Coming back to Manitoba Three Northern, will you tell the Committee about this? You will notice the definition is very broad:—"No. 3 Manitoba Northern Wheat shall consist of red spring wheat varieties which are excluded from the preceding grades on account of damage; shall be reasonably sound and reasonably clean, of fair milling quality, weighing not less than fifty-seven pounds to the bushel, and may contain Amber or Red Durum, singly or in combination up to 3 per cent." Just how far does wheat have to go before you feel you are justified in excluding it for No. 3?—A. That is where the difficulty comes in, Mr. Coote, in describing it in words—in describing the degree of damage that may be allowed in a No. 3 Northern. It has been judged in the past on a visual examination, and custom has really placed the value on No. 3 Northern. I would say, as I mentioned a while ago, that Three Northern of all-hard red wheat may carry as high as thirty or thirty-five per cent of slightly damaged wheat, and that percentage would be lower according to the severity of damage down to possibly eight or ten per cent for green and badly frozen wheat.

Q. Could you tell us from the definition which is given here why you say that not more than thirty per cent of damage can be allowed?—A. I did not say that there could not be more. I say it is quite possible that thirty or thirty-five per cent would be allowed in. It is possible that in some cases a higher percentage would be allowed in when damage very slight and the wheat otherwise good. As I read the definition, I can see nothing to exclude that wheat from going into No. 3, excepting these words "reasonably sound" and "of fair milling quality."

Q. Now, have you seen No. 4 wheat? That certainly was of good milling quality?—A. Yes, there are lots of No. 4 of good milling quality.

Q. In this definition, that is, if you would use the definition in fixing the grades—how is it that that wheat comes to be No. 4? Under the definition, why should it not be under No. 3?—A. Well, of course, I cannot put it into percentages. It is a matter of judgment that has been acquired by experience over a number of years.



Q. Just how much of a guide is this section of the Act to you in fixing the standard sample?—A. Very little outside of the weight per bushel. If you should have wheat of that low weight—and of course, all varieties that might go into this grade of Three Northern vary from year to year in both weight per bushel and percentage, and degree of damage that they may contain.

*By Mr. Donnelly:*

Q. Do you not think in that definition that the percentage of Amber and Red Durum is too high? Do you not think it should be cut to one or two per cent?—A. Of course, that is only applied in very odd cars coming in from the country. We never get a shipment out of any terminal elevators carrying the limit of three per cent.

Q. When it does go out, it is liable to carry that?—A. Yes, it is liable.

Q. Would it not be just as well to cut that down?—A. It is liable to carry that percentage if allowed out in accordance with definition.

Q. Do you not think it would be wise to cut the percentage down to one or two percent?—A. The only party it would affect, of course, is the producer; that is, the man who is unfortunate enough to get a small mixture of Durum wheat in his grain.

*By Mr. Garland (Bow River:*

Q. I would like to ask you a question. In your opinion, as the result of your experience, which would be the milling sample of the least value, a No. 3 consisting largely of the soft varieties that you have referred to, or a No. 3 consisting of twenty-five per cent of the hard vitreous with the three per cent Red Durum wheat? Would it be a better wheat than the mixture with the Red Durum?—A. Mixing the Red Durum, for instance, with some of the harder varieties of wheat?

Q. Yes.—A. I do not think that three per cent in No. 3 will have any ill effect in the milling of hard varieties of spring wheat. The effect would at most be very slight. I would prefer that personally to the soft starchy wheat.

Q. I will take you back to this problem that Mr. Coote has dealt with. Perhaps we can get at it this way. Supposing that three years after the standards have been set you should draw up an exact description as the result of a mechanical separation—a description of the wheat with each grade and send that out as a guide to the buyers at country points. Do you think that would assist the farmer in overcoming the trouble he has to-day in deciding whether the elevator operator's judgment is right or his own judgment is right?—A. I think it would assist him very considerably.

Q. You think on the whole it would be of some advantage in printing every year, after the standards have been set, an exact description of each, and having them posted in the country elevators?—A. The trouble is this: You take the standard sample for Three, as it has been established for the last twenty-nine or thirty years that I know. if you put that description down you could not possibly apply that same definition to the districts where they are growing the starchy wheat.

Q. Well, we may agree with you in that. Do you not think it would be a good thing for the farmer who, as you know, is hopelessly disgruntled every year particularly over the local grading—just as much over the local grading as with the Inspection Department—do you not think it would assist him a lot if he had an exact description of what No. 3 standard is going to be from year to year?—A. Of course, we could send through a description of that nature as soon as possible, anyway, to the Board of Grain Commissioners for distribution if they thought it advisable.

[Mr. J. D. Fraser.]

*By Mr. Donnelly:*

Q. What has been the practice in the past of elevator men? Do they write in and ask for the standard sample?—A. Yes, some of them.

Q. All the elevator man has to do then is write in and ask for the samples and he gets them?—A. Yes.

*By Mr. Ross (Moose Jaw):*

Q. In connection with this proposition of Mr. Garland's, I think it would be a different proposition if you could accurately describe what is going into No. 3; but would not you have to have a dozen descriptions for it?—A. I do not think I could describe it accurately enough so that anybody reading it would take the same meaning out of it as I might.

Q. You have so many different kinds of damage and so many different kinds of grain that you would have a tremendous number of descriptions?—A. The degree of damage is a difficult thing to describe. You get bran frost, and then you get the frost just a little heavier, heavier, and heavier, right down to grass green frosted kernels.

Q. If you had a hard vitreous wheat, you would have to have your percentages of damage allowed?—A. Of course, if the Act had twenty-five per cent hard vitreous inserted that would determine that. Anything up to that, and good enough otherwise, would go in.

Q. You admit you would allow a little more damage in hard red vitreous wheat than in the softer types?—A. We do at the present time because there is no percentage of hard vitreous kernels in Three Northern. It might be one hundred per cent starchy, if sound and ripe wheat, it would go into Three Northern.

*By Mr. Coote:*

Q. Mr. Fraser, is it not very probable that much of the wheat which is being graded No. 4, and is practically all hard red vitreous wheat, would make a better bread and a better milling wheat than the wheat that is a hundred per cent starchy?—A. It is possible.

Q. Would it not be better to endeavour to get a definition which would bear some relation to the real milling quality of the wheat?—A. It would be a splendid thing if it could be done in a manner that is easily understood.

Q. I am sure you can see that the present system is not a very satisfactory one for the man who is selling street wheat. He has nothing to guide him in the determination of his own grade except the definition in the Canada Grain Act?—A. And his knowledge of former years' wheat.

Q. The former years?—A. Yes.

Q. You have already said that in setting the standards for each year you do not take into consideration the standards for the year past?—A. I said we were not guided by the standards of the year past. We are guided by the definition in the Act. We, of course, compare the former year's standard with the one we are making up, and make it as near as it is possible to do so.

Q. Therefore, I suppose a man who has marketed wheat for one month in a year can forget from one year to another what No. 3 wheat looked like?—A. Of course, he is likely to forget.

Q. Do you think it might be a good idea for the operator of a country elevator to have the standards of all the grades on exhibition in his elevator?—

A. Of course, that would probably be a good thing. It would require a great bulk of standards. At the present time we make up around fifty bushels of each. To furnish every buyer in the country—I do not know how many buyers there are, but there are probably four or five thousand—to furnish every buyer with a two- or three-pound sample would take a lot of standard samples.

[Mr. J. D. Fraser.]

Q. I want to put the proposition to you this way: Most of us are here representing agricultural constituencies. Most of our farmers are grain growers, making their livelihood out of the growing of grain. This grain is all subject to inspection. A very large percentage of the grain which they are marketing is sold as street wheat. These men have to take the grade given by the country buyer. You can see that it is a very important thing for these farmers that they should get a proper grade on their grain. Now, I ask you, as the Chief Inspector, whether you can suggest to the Committee some way in which the shippers might have more assurance than they have at the present time of getting a proper grade on their grain which they now sell as street wheat? Is there any way that you can suggest that the country buyer can have better knowledge of these grades so that he can be in a better position to give the correct grade on this wheat which is going through his elevator?—A. Mr. Coote, I think if our definitions were more definite in regard to what would go into those grades, I think that would be best way to get the information out to the farmers. It may be possible to draw up definitions that would give the farmer that information.

*By the Hon. Mr. Stewart:*

Q. Mr. Fraser, would it help him any more than the privilege he now enjoys of sending forward a sample and having his wheat graded officially before he sells it even on the street? Is that definition going to be of much value to the farmer if it becomes more involved than it is now; and I do not see how we are going to help that. He has the privilege of sending forward samples—a fair sample of what he is to sell on the street or in any other way. He may avail himself of that privilege free of charge and have his grain graded before he ever offers a bushel of it for sale. Now, he can do that quite well without getting an involved definition of his wheat. I do not think that is going to help me very much as a farmer to fight it out with the elevator as to whether he is right and I am wrong or as to whether I am right or he is wrong. But if I have a sample in my hand—an official sample of my grain—I think I am on a pretty fair basis to fight them?—A. Of course, all the farmers have that privilege, Mr. Stewart, of sending in samples to the Inspection Department and getting the sample graded. I think that is advisable in many cases.

*By Mr. Ross (Moose Jaw):*

Q. Mr. Fraser, in connection with those samples that are sent in, there has been a great deal of talk throughout the country of farmers sending in samples and thinking they have got a grade lower than what the sample was. Now, when a farmer sends to you for a sample of One Northern, a standard sample of One Northern, you send him back absolutely the minimum of the grade?—A. We will send him the standard sample.

Q. You will send him the standard sample which is the minimum of the grade?—A. Yes.

Q. There is very little difference between that and the top of No. 2; one is right next to the other?—A. Right next to the other.

Q. It is a question of judgment as to whether a man would grade that standard sample Two or One?—A. Yes, that is right.

Q. But in a great many cases, when a farmer has submitted a sample, presumably from a bin of his, the Inspection Department gets that sample, and they would rather be on the safe side and grade the standard sample No. 2 rather than No. 1?—A. If it was right on the line that would likely happen on a small sample. It would not be given the benefit.

[Mr. J. D. Fraser.]



Q. They would take the view that possibly this man took a sample which was just a little bit better than the average in his bin?—A. We very frequently find that in samples which have been sent in, and then the car comes along later and would be either poorer or better.

Q. In your opinion, is not that one of the reasons why so much trouble has been caused, and why there has been so much confusion in the country—that there have been cases where men in the country, at least are supposed to have sent to the Inspection Department for a standard sample of a grade and then returned to the Inspection Department a portion of that standard sample and had it graded the next grade down?—A. Yes, that has occurred, Mr. Ross.

Q. The great trouble seems to be that the farmer has not understood that the standard sample was the very bottom of the grade, and when he has sent a portion of that standard sample back to be graded again to the Inspection Department, which sent him the sample in the first place, and it has been graded down to No. 2, it has caused a great deal of confusion all over the country. I think if that were explained to the farmers—if they were shown why it was done—it would cut out a lot of this confusion and talk about the inspection Department not giving them a proper grading on their grain when it came in; because to that fact we can attribute a great deal of the talk in the country about grading. Is that not so?—A. Yes. I think that is one of the difficulties. The inspection of grain is not understood throughout the country as well as it might be. One of the troubles with samples being sent in is that they are taken probably from one place in the bin, instead of being an average sample; and the bulk of the grain, when loaded out later, may be better or worse than the sample which was sent in.

*By Mr. Donnelly:*

Q. To return to this definition of No. 3, if it were made a definition containing twenty-five per cent of hard red vitreous kernels, would not that have the tendency to stiffen up the grade of No. 3?—A. Yes, it would keep out some of the stuff that is getting in at the present time.

Q. Would not that have a tendency to make No. 4—better grain going into No. 4?—A. It would have a tendency to put in sounder grain in No. 4. I would not call it better.

Q. It would make No. 4 a better grade?—A. Yes. It would raise No. 4 slightly.

Q. Would not that have a tendency— —A. That, of course, would depend on how wide you make the spread between Three and the minimum Four.

Q. Would not that have a tendency again to demand another extra grade being put in the commercial grades, in the lower grades?—A. Yes, that is quite probable.

Q. It would make for the necessity for more grades, as a matter of fact, if you stiffened up No. 3?—A. I believe it is advisable to keep No. 4 up within reasonable distance of No. 3, even if another grade is necessary.

*By Mr. Coote:*

Q. If that necessitated twenty-five per cent of hard red vitreous kernels in No. 3, would not the result be to put a lot of very starchy wheat, which is now going into No. 3, into No. 4?—A. I would not say a lot; it would be a small proportion. There would be some.

Q. And would that necessarily be beneficial to No. 4, or might it have a degrading effect on the real value of No. 4 if that starchy wheat were put in?—A. It would have a tendency, probably, to lower the percentage of damaged wheat in No. 4.

[Mr. J. D. Fraser.]

Q. But would it not also have a tendency to lower the real baking quality in No. 4?—A. As far as the strength of the wheat is concerned, yes. The flour yield I do not think would be affected; but the strength would.

*By Mr. Garland (Bow River):*

Q. At the present time, so far as Alberta and Saskatchewan are concerned, do you think that any of it goes out at less than twenty-five per cent of hard red vitreous kernels?—A. In the Three Northern?

Q. Yes.—A. Yes.

Q. Is there much?—A. I would not say much; but there is some every year.

Q. And the most of it goes out with at least twenty-five per cent?—A. Oh, yes.

Q. So that the actual effect of putting in this extra twenty-five per cent would be to enable the mixing houses to cut that down to the twenty-five per cent of hard red vitreous kernels?—A. There is nothing to prevent them doing that now—even lower than that. There is nothing to prevent them outside of the fact that we expect the mixing houses to live up to the standard.

Q. Does No. 3 wheat going out run on the average less than twenty-five per cent of hard red vitreous kernels?—A. Oh, no. We never got any loaded out that way.

Q. Let us go back to the question raised by Mr. Ross of Moose Jaw—the question of describing the standard samples. Would you have any difficulty in describing your standard sample of this year?—A. Yes, I believe I would, Mr. Garland, have difficulty in describing the degree of damage.

Q. Now, would you? Let us take the frost damage in your No. 3. I suggested at the outset that there should be a mechanical separation. You can surely describe the percentage of light frost, the percentage of heavy frost, and the damage?—A. Yes, that could be done.

Q. You could describe the percentage of smut—there would not be any smut in No. 3?—A. It would not be there.

Q. You can describe what?—A. Immature or it might be green.

Q. There would be no difficulty?—A. There would be difficulty all right. There are in immature and frozen wheats things which are often difficult to describe. The kernel that is only immature to me might appear green to another person; what I might describe as green might appear immature to another person.

Q. We are taking your statement that you are, after all, the supreme dictator in the making of the standards. Even the Board of Grain Commissioners have no jurisdiction over you in the matter of your grade fixing?—A. Yes, that is right.

Q. As dictator could you find it any more difficult to make a description of the standard you have than you do to-day in setting the standard itself?—A. Possibly not, but I might have difficulty in conveying my ideas to other people.

Q. I think you are too modest. I think you would find it quite possible. In any case, Mr. Chairman, without pressing the point of the dissemination of information all over the country, I would like to ask Mr. Fraser to state frankly whether he does not think it is a good thing to have the Board of Grain Commissioners publish every year as accurate a description of the standards which are determined as the Chief Inspector could grant?—A. Of course, if it were to be made a law, we would have to attempt it. Whether it would be a success or not, I would not like to say at the present time. If it is law, we will make an attempt to make separations and descriptions covering the different kinds of damage and degrees of damage; but it would be no easy job.

[Mr. J. D. Fraser.]

*By Mr. Donnelly:*

Q. Do you not think it would be far better, if you wished to do that sort of thing, to make a larger standard sample, and to send a sample of that to every country buyer, rather than to send the description?—A. Of course, that would be a simple matter, Mr. Donnelly—a matter of quantity.

Q. It would mean a much larger quantity of the standard sample?—A. Yes.

Q. It would be much better than to write a description?—A. Yes, it would be easier for me to send out the samples.

*By Mr. Ross (Moose Jaw):*

Q. My point was this: that you might have a car of grain graded into Three Northern because it had a certain percentage of sprouted kernels in it. You might have another car graded that way because it had a certain percentage of heavily frosted grain in it. You might have another car graded that way on account of bleached wheat; another on account of light frost. Then, when you get one where you have portions of each of these in it, how are you going to describe that.

Mr. GARLAND (Bow River): We are not asking him to do that; we are simply asking him to describe the standard that is set up in Winnipeg. We are not asking him to describe every local peculiarity all over the provinces.

*By Mr. Ross (Moose Jaw):*

Q. In regard to the standard sample you asked for, a man has to use his judgment in the inspection Department—even though it does not look exactly like that standard sample—as to how much damage there is, and whether it will go into that grade or not. How are you going to define it?

Mr. BROWN: Mr. Ross' problem is really difficult. Will the sample be of any use to the buyer?

The Hon. Mr. STEWART: I am not so concerned about the buyer. Will it be of any use to the farmer?

Mr. GARLAND (Bow River): I suggest to the witness that he could give a good deal of information on that and that the situation would be more satisfactory than it is to-day. Mr. Stewart mentioned the buyer. To-day he has nothing to guide him at all. Under the present suggestion, he would at least have something to go and look at if he wanted to. To-day he has nothing.

*By Mr. Vallance:*

Q. Mr. Fraser, I do not know where it was I was told about this, but I understand that there is a patent either pending or which has been granted—I cannot say whether it has been submitted to you—but it is a sort of container, and it is proposed that your Inspection Department place in these receptacles as has been suggested a portion of the standard sample. That would be placed in every elevator, and any farmer who has a dispute with the elevator man as to the grade of his grain could put his sample in a receptacle below, and he would be in a position to compare his sample with the standard sample. Now, that was suggested to me during the Easter holidays. Somebody is applying for a patent, or has applied, and it is contended that this will overcome that trouble. Now, a farmer can say, "This is No. 3 or No. 2; let us put my sample up against it?"—A. I have heard a whisper around about it. I have not seen it; I do not know how it works. I believe the sending out of a portion of the standard samples is really the better way to do it. I send out a description of the standard as made up. It may not fit at all the grain that farmer is comparing with it. The sample being sent out will contain practically all the damage as shown all over the West. A grain from one district may have only one damage—it may be frozen or immature or may be shrunken.

[Mr. J. D. Fraser.]



*By Mr. Donnelly:*

Q. Would it be necessary in sending out the samples of each grade to have them put in a glass and sealed?—A. That, of course, might be necessary.

Mr. GARLAND (Bow River): If it was opened anybody might mix their grain with it.

Mr. VALLANCE: I understand that this instrument for which application is made, is hermetically sealed, and nobody can open it except the Inspection Department.

Mr. FANSHER (Last Mountain): It consists of three sheets of glass, four by eight. They are set in a frame, and they are far enough apart for about two or three kernels of wheat to slip in between them. The lower half is filled with the standard sample. One of those will be given to each elevator man in the country. Then the farmer comes along with his load of wheat. A sample is taken from that wheat and is poured into the other end of the container. There you have side by side the standard sample and the farmer's sample where you can see every kernel. You can compare them that way.

*By Mr. Campbell:*

Q. How would that work out in a case like this? In the district I live in we grow practically nothing but No. 3. It is heavy starchy wheat. It is piebald wheat, and it is No. 3; but it will not be damaged. You might make up a standard from southern Saskatchewan of hard kernels which was damaged by rust or in some other way which would be no earthly guide to us at all, because we have a No. 3 that is not damaged. It is graded No. 3 because it is piebald and starchy?—A. Of course, farmers or elevator men would have to judge as between the samples in the same way as we have in the Inspection Department. It would be a difficult matter for a man who is not comparing grain every day to judge.

Mr. MILLAR: In the interim report of the Saskatchewan Commission—

The CHAIRMAN: I would suggest it has not been submitted yet.

Mr. MILLAR: We can put it in another way.

*By Mr. Millar:*

Q. Do you get any grades of wheat that are grades which are used illegally? —A. Grades used illegally?

Q. Yes. Grades used illegally?—A. Well, white spring wheat may be graded or classified illegally. We have made classifications for white spring wheat; and use them although they are not provided for in the Act.

*By Mr. Brown:*

Q. They are not illegal; they are outside the law?—A. That would be a better way of putting it.

*By Mr. Coote:*

Q. There was something said a little while ago about the country elevator—somebody was not worrying about him—but I want to put this case to you as it was put to me by a country elevator operator. This was two years ago when we were having a lot of trouble with regard to wheat that had a few green kernels in it, and which appeared to be otherwise sound. He said, "If the inspector will not tell you what percentage of green kernels will be allowed in No. 3 wheat, how am I going to grade the wheat which is being brought to me by farmers; how do I know it is a No. 2 or No. 3 or No. 4?" He said, "You can count the percentage of green kernels in it, but after I do it that is no gauge

to me as to what the inspector is going to place on it." Can you tell me what percentage of green kernels you allow in wheat that is otherwise One Northern and is graded No. 2? What percentage of green kernels would cause it to grade No. 2, and what percentage would cause it to grade No. 3?—A. No. 1 Northern, I would say, should not carry any grass green kernels. When I say any, you might have one in five hundred or in a thousand, but it would really amount to nothing at all. It would carry the odd one.

Q. What about No. 2?—A. No. 2 will carry a few more.

Q. Now, Mr. Fraser, I think you will recognize the difficulty that country elevator operator has. He showed me wheat which, in my opinion, was No. 1 wheat, if it had not had any green kernels in it; but there was a small percentage. Now, how would the country elevator operator be able to form an intelligent opinion of the grade of that wheat if you cannot tell the Committee what percentage you would allow?—A. Of course, it would depend upon the green kernels. If they were thin, shrunk stuff or big plump heavy green stuff—if they were shrunk so that in clearing for milling they would be removed, it could be allowed in. If it were big, heavy stuff, you could allow probably one-quarter of one per cent.

*By Mr. Garland (Bow River):*

Q. I have a sample here which I would like you to look at?—A. Yes.

Q. Just give your opinion to the Committee of what grade that would be?—A. I could not attempt to grade it in here, Mr. Garland.

Q. Where would you like to grade it?—A. With a northern light. You cannot grade it under artificial light. We never grade anything under artificial light.

*By Mr. Coote:*

Q. I suppose you could tell what percentage of foreign grains would be allowed in the different grades of northern wheat—that is, the percentage of rye?—A. Well, we issued a bulletin about it to our inspectors describing the like of that. One Northern should be free of rye; Two Northern will carry one per cent; Three Northern, possibly, two per cent.

Q. If a sample of One Northern came before you, and it carried two or three per cent of rye, what would you grade it?—A. It would not grade higher than Three; either that or Rejected One Northern.

Q. I presume, there would be no objection then to sending out a circular, or at least, to putting something in the Act, showing the percentage of foreign grains that would be allowed in the Northern grades?—A. I do not think there would be any objection there either to putting it in the Act or sending it out in connection with foreign grains, because anyone can see them and make the separation.

Q. Have you ever had an experiment made, or have you had the chief chemist conduct experiments in the laboratory so that you would know just what damage this will cause in the milling quality?—A. We have had quite a number of tests made—mixtures and stuff.

Q. Do you base your calculations, so far as they affect the grades, on those results?—A. Not on the One and Two Northern, no, because of the Act.

Q. I would like you to relate that to the Act. I would like you to show what there is in the Act that prevents you from basing your grades on the conclusions which will be shown you, I presume, by the Chief Chemist?—A. Of course, the One Northern requires to be well cleaned, practically free of foreign grains and if it has foreign grains in it that cannot be removed. That foreign grain has the same effect as if it were seeds.

Q. It says, "Practically free"?—A. Yes.

Q. In connection with No. 2, what is there to prevent it there?—A. Well, “reasonably clean” and “reasonably free” would cover that in No. 2 in the same manner as in No. 1, Mr. Coote.

Q. You take it that the words “reasonably clean” mean— —A. Reasonably free from foreign matters and foreign grains—all foreign matter in wheat.

Q. If that grain is free enough of these foreign kernels so that the milling quality shows no deterioration whatever, would you still say it was not reasonably clean?—A. I think that even one per cent or one and one-half per cent of rye in wheat will show some effect in the milling.

Q. You do not know whether experiments have been carried out to definitely assure you as to just how much rye could be in and not affect the milling quality?—A. We have had experiments made along that line. I just forget the exact particulars in connection with it, but a small sprinkling of rye does not appear to have much effect on the flour from wheat, but an increase of it will show—that is, an increased quantity will show.

Q. I am not asking you for the exact percentage I am just asking whether the percentage was ever arrived at, and if you have decided that it must be the determining factor, whether that wheat will have to grade Two, Three or Four if the percentage that you use there is arrived at because of the demonstration which you can get in your own laboratory?—A. We keep our One Northern free of rye irrespective of what any tests shows.

Q. Outside of No. 1 Northern?—A. We allow about one per cent in No. 2, Three Northern two per cent, Number Four, three per cent, Number Five, three per cent, and Number Six, three per cent of ry.

Q. In connection with the percentage of green kernels of which you said you could not tell me what percentage would be allowed, did you have experiments carried out in the laboratory so that you could tell just what damage is done to the milling quality by the inclusion of a certain percentage of green kernels.—A. Yes we did get tests made last fall, and found that there was a loss in milling wheat containing thin green kernels, because in the milling of it these kernels went out with the bran, and did not go into the flour at all.

Q. Are you at the present time making an attempt to relate your grades to the milling quality of the wheat?—A. Yes.

Q. Now, I have one or two questions to ask with regard to matters raised by Mr. Gillespie. Are you aware that the Committee last year recommended that an interchange of inspectors between different points should be carried out?—A. Yes.

Q. Was there any attempt to have an interchange of inspectors this year?—A. Last year we furnished transportation to the inspectors at Calgary and Edmonton so that they could visit backwards and forwards.

Q. Between Calgary and Edmonton?—A. Yes.

Q. Did you send either of these inspectors to Winnipeg?—A. No.

Q. Do you not think that would be a good idea if it were done? I mean for the inspectors themselves. Would it not give them a better chance to see what was being done in the Chief Inspector's office?—A. Yes, but as a general thing the wheat passing Winnipeg, outside of the wheat which may come from Alberta, is of a different nature to the Alberta stuff, so that seeing the grading of that wheat would not be of great benefit to them.

Q. Quite so. The wheat which they are grading at Fort William is of a little different type from that of Calgary and Edmonton. But from past experience we felt that if these men were to grade the wheat at Winnipeg for a month and at Fort William for a few weeks, they might be a little bit easier on the grades which they give when they come back. Do you think that possible?—A. From my experience of the grading at Calgary it would not do to make it much easier than it is. If he did, he would be wrong.



Q. He might be wrong; but if the conclusions he arrived at were based on his experience at Fort William, he would not be wrong in that, would he?—A. He might. His conclusions might be wrong to start with. We have men down from Moose Jaw and Saskatoon to Winnipeg. They, of course, are handling wheat similar to some of the wheat passing Winnipeg, so I believed that they should come down and see what was doing.

*By Mr. Ross (Moose Jaw):*

Q. In connection with that point Mr. Coote is bringing up—the question of the interchange of inspectors—you could only establish these men for a short time?—A. A short time, that is all.

Q. You could not move your men from the points they are at now without causing serious damage to the men you are moving, for any length of time, unless you made provision for an extra amount of money for it?—A. The most of them are permanently located where they are. We could not move them permanently, but only for a short time—probably for a week or two weeks.

*By Mr. Coote:*

Q. I suggested a month. I think possibly these men would be benefited if they spent two weeks at Winnipeg and two weeks at Fort William. After all, Mr. Fraser, would you kindly tell the Committee what objection there would be to having an inspector at Calgary or Edmonton grading cargoes out of Fort William for a couple of weeks during the year?—A. That experience would probably do them some good. I would not have any objection particularly, outside of when the grain starts to move in Calgary; it is necessary that the man in charge should be there.

Q. But have you not men of just quite equal ability in Winnipeg that you could send to take his place?—A. Yes, that is possible.

Q. That is the idea, I am sure, that the Committee had in mind a year ago; and if they are willing to incur that expense I presume you, as Chief Inspector, have no objection to carrying it out?—A. Oh, no; I have no objection. It will cost considerable.

Q. Another question with regard to our grades. Mr. Gillespie said, I understand, that oats at present which would otherwise be 2 C.W. containing over two per cent of wild seeds, are graded Extra One Feed, instead of 2 C.W. with two per cent dockage?—A. Did he say Extra One Feed, or One Feed?

Q. Possibly One Feed?—A. Extra One Feed requires to be as clean as 2 C.W.

Q. It is One Feed?—A. It would be graded 3 C.W. instead of One Feed. It would not be graded One Feed unless it was frozen.

Q. Why should you do that?—A. We always do clean it. If the owner, or his agent, requests it to be cleaned up—we have had requests like that in the past—I remember one request in particular where the owner asked for the dockage to be placed. At the time the car was unloaded, he was the loser by having it cleaned. Usually the spreads between the grades are so close that it does not pay to clean the foreign matter out.

Q. Do you not think, it would be following the principle contained in the whole grain Act to give the proper grade and place the dockage on it?—A. Oats never have been docked in the West. Only when requested by the owner is dockage placed.

Q. Have you any idea of what becomes of those oats that have weed seeds in them?—A. They go into the lower grades.

Q. And eventually they are largely used for feed?—A. They are shipped out in that state and used for feed.

Q. And they are shipped very largely from one part of Western Canada to other parts?—A. Yes.

Q. Would it not be in the interests of the country generally that dockage should be shown on those oats if there are weed seeds in them?—A. As far as the Inspection Department is concerned, we would be very glad to do it. I would sooner see clean oats going out than oats carrying seeds.

Q. Can you turn to the grades and show us if the way you are grading is incorporated in the Act. Take the grade for No. 2 C.W.:

No. 2 Canada western oats shall be sound, reasonably clean and reasonably free from other grain, shall contain 90 per cent of white oats, and shall weigh not less than 24 pounds to the bushel.

Now, if you had Two Northern Wheat containing two or three per cent of weed seeds, how would you grade it?—A. We would, of course, put dockage on it.

Q. What is the reason for following a different practice in regard to oats?—A. Because this has always been the practice from the start. It is a custom.

Q. It is not really according to the Act, is it?—A. It depends upon what percentage you apply to "reasonably clean" 2 C.W. oats.

Q. Why do you apply an entirely different principle in regard to those words "reasonably clean" and apply it entirely to oats?—A. The final use of wheat is for milling; the final use of oats in a large measure is for Feed, not milling.

Q. One of the greatest problems we have in Western Canada is weeds?—A. Yes.

Q. And in this way you are allowing all those weed seeds to be sold as oats?—A. No question about it.

Q. Is that a good practice or a bad one?—A. Well, I personally would rather put dockage on oats, but we would probaly hear something from the producers if we did.

Q. Just what objection would there be to you following out that practice under the Act as it is? Would you not be quite within your legal rights in saying that was dockage?—A. Yes, I believe we would, Mr. Coote, be within our legal rights.

Q. There is one other matter I would like to clear up?—A. I would like to mention, in connection with these oats, that our Inspection Department at all points have instructions that if request is made by a shipper or his agent, they can place dockage on any grade and raise it up to a higher grade, for small weed seeds.

Q. I just wanted to express my own opinion, and that is that that should be the practice?—A. Cleaning the oats?

Q. I think it is an improper practice to grade oats down for weed seeds and to call them oats without mentioning dockage. In connection with Feed Wheat, if you receive wheat which is graded Feed with eight or ten per cent of weed seeds, would you make a dockage on that wheat?—A. We would allow Feed Wheat to carry about ten per cent without any dockage.

Q. What is the practice with regard to barley?—A. It will carry up to seven per cent.

Q. Do you think that is a good practice?—A. Personally, I would sooner see all our grain cleaned, and all the small seeds removed.

Q. Is there anything in the Act to prevent you from doing that now?—A. Of course there is nothing in the Act defining Feed Wheat, in the first place.

Q. No, it says all wheat that is not good enough for No. 6 shall be feed; does it not say that?—A. No.

Q. It is in the circular?—A. Yes; it may be in the circular.

[Mr. J. D. Fraser.]

*By Mr. Garland (Bow River):*

Q. Where in the Act is there anything which permits you to allow ten per cent of weed seeds in Feed Wheat?—A. Nowhere. It is a regulation.

Q. Now, Mr. Fraser, frankly do you not think a very serious hardship has been worked on the country, and especially on street wheat sellers in that regard? I know of many cases where a man has been selling street wheat and has been docked by the elevator man from five up, and when he protested against the dockage the elevator man took a small sieve out and got the dockage for him, and docked him that much. Now, you say there is no provision in the Act for that; it is a regulation of the Department; but, unfortunately, the farmer does not know it, and he has been swindled every year out of these oats and Feed Wheat?—A. I do not know what they are doing out in the country, Mr. Garland. We have a great many cars coming forward that belong to farmers, and we treat them just the same as we do the others. He gets the benefit of those seeds.

Q. This man has Feed Wheat for only a small portion of it. Take a case like this. A man has separated a part of his field because it was too poor to go in with the general run of his grain. He is sending it out as Feed Wheat. He will sell that on the street. Most of the Feed Wheat in Western Canada is sold on street, and not in carload quantities. I think there should be an adjustment in connection with that; either provided for in the Act, or publicly broadcast in the elevators.

*By Mr. Campbell:*

Q. Is not there such a thing as raising Feed to No. 6 and then docking it?—A. Yes, we have had cases of that this year, where we have placed dockage on No. 6 where it would have been better to have made it Feed straight.

*By Mr. Coote:*

Q. Sometimes, when we are fortunate enough to have Feed Wheat, it would be much better to tell the separator man not to use his wheat screen and allow the weeds all to go in, because they are going to get paid for those weeds the same as for the wheat?—A. I think that is done in a good many cases.

Q. There are thousands of farmers who do not know—or they would have done it this year? In every case I know of, the separator man took the weed seeds out. It certainly is not known in the country that you allow dockage in Feed Wheat; and I would say, if you can, get rid of those very bad practices altogether. It should be advertised so that the farmers will know it. I know men who might have taken in fifty bushels of seed in their cars, and got paid for it. As it was, they burnt the seeds up?—A. Yes.

Q. This is in connection with the car of wheat?—A. I might say that instructions were sent out to our Inspection Department in the West as follows,—

Feed Wheat may contain foreign matter such as other domestic grains, wild oats, or seeds, up to 10 per cent, seeds not to exceed 4 per cent. When seeds exceed 4 per cent, or foreign matter exceeds 10 per cent, dockage will be placed to remove excess of above percentages.

Q. That is Feed Wheat?—A. Yes, that is Feed Wheat.

Q. What objection would there be to foreign grain in Feed Wheat?—A. We allow ten per cent, with the seeds not to exceed four per cent. If they do, then dockage is placed on it to remove them.



*By Mr. Garland (Bow River):*

Q. Do you not think, Mr. Chairman, that it would be as well for the witness to file with the Committee all the regulations that are not part of the Grain Act?—A. That is, a copy of those bulletins that we send around to our inspection offices?

Q. Yes, with regard to such questions as dockage?—A. There was nothing on oats outside of cleaning up at the request of the shipper.

Q. I wonder if Mr. Fraser has been able to prepare a definition for the proposed alterations in the definition of grades for their improvement that were suggested?—A. I have not prepared any, Mr. Garland, I have been thinking it over since last Friday. I do not feel that I could compose any definitions without having samples of the actual grain to be examined.

Q. You mean that, in your opinion, it is from a practical point of view, better to leave the Act as it is than to attempt to add any further clarity to it?—A. No, I would not say that, Mr. Garland. It may be possible to clear up matters that are not very well understood. The definitions might be clearer than they are. I am not prepared at the present time to say.

Witness retired.

The Committee adjourned until eleven o'clock a.m. on Wednesday, April 24th, 1929.

HOUSE OF COMMONS,

WEDNESDAY, April 24, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Kay, presiding.

C. W. SWINGLER called and sworn.

*By the Chairman:*

Q. Mr. Swingler, would you state to the Committee your occupation?—A. Superintendent of Pool Terminal No. 7, at Port Arthur.

*By Mr. Donnelly:*

Q. Will you tell us what kind of an elevator that is?—A. Pool Terminal No. 7 is running as a private terminal for this year. It is a new elevator, I think the latest in elevator construction.

Q. You do mixing there, I suppose, the same as they do in other terminals?—A. We had intended to, but we cannot do it this year.

Q. Why not?—A. The crop will not allow it.

Q. As Pool Elevator Superintendent, will you tell the Committee what your duties are?—A. My duties are to supervise the actual operations of the plant and pass my opinion on the grain coming in and going out, when called upon to do so. We have our own private inspector and he inspects every car of grain coming in, and also looks after the shipments going out; and then my foreman looks after the actual part of the work, and if there is any mixing—or we do not class it as that, but we say blending—and if there is any blending to be done we put it together. Of course there is mixing done at the head of the Lakes, we know; but when you come to systematic mixing, it is blending.

*By Mr. Coote:*

Q. Will you tell the Committee what experience you have had in connection with the operation of elevators?—A. I have had nearly eighteen years' experience; seven years with the Grain Inspection Department, and since that time with the Saskatchewan Co-operative and the Saskatchewan Pool. My work, when with the Inspection Department, took me to different elevators and gave me quite a wide knowledge of elevator operation. I was always interested in machinery as well as the work of the Inspection Department.

*By Mr. Garland (Bow River):*

Q. In your official capacity in the Inspection department what were your duties?—A. As a sampler.

*By Mr. Brown:*

Q. You say that the conditions at the elevator would not allow mixing this year. Are there peculiar conditions this year, or what were the conditions?—A. This year, due to the frost, the grades are quite close together, but the grades are so distinctive, you might say, one from the other that if you commence mixing them—the only thing is that this year a lot of, say rejected 2 Northern may go into No. 3 grade.

[Mr. C. W. Swingler.]

Q. Rejected, for what?—A. For frost; and that will build up the sample of No. 3 Northern wheat.

*By Mr. Coote:*

Q. I suppose you have had charge of elevators where mixing is carried on?—A. Oh yes.

Q. Will you be good enough to tell the Committee just how that mixing is done?—A. Well, Pool Terminal No. 5, is running as a private terminal for the Saskatchewan Co-Operative, also for the Pool, and is a mixing house. Sometimes we can use No. 1 Northern, or No. 2 and No. 3 Northern together and make No. 2 Northern; at other times you could take No. 3 Northern and a percentage of Rejected, that is, rejected for barley or rejected for rye, and sometimes a sprinkling of Durum. That would help to build up your grade or you could put a small percentage of No. 4 with it. But you have to take into consideration that the grain has to be over-cleaned to mix with any success. When I speak of over-cleaned I mean to take out the shrunken wheat and find wheat to raise the grade. To give you an instance of the over-cleaning of grain, one year we shipped out fifteen cars of Feed Wheat and never took in a car. Last year our shortage on sixteen million bushels of grain was thirty-three thousand bushels over-cleaned, that is about one-fifth of one per cent.

*By Mr. McMillan:*

Q. What did you do with that one-fifth?—A. That went into by-products, such as screenings. Probably one per cent goes out that has scalplings.

*By Hon. Mr. Motherwell:*

Q. Do not some of those screenings go back into the belt?—A. No, sir

*By Mr. McMillan:*

Q. In your experience, have you ever known any of the screenings go back, to make up a grade of any kind?—A. No, sir.

*By Mr. Brown:*

Q. When you say "over-cleaned" grain, you mean over and above the percentage set by the inspectors?—A. Yes.

*By Mr. Campbell:*

Q. Will that grain not very often be over-graded?—A. Yes.

Q. To that extent it would show a profit to the elevator?—A. Yes.

Q. Last year the Pool elevators did show a very considerable profit for mixing, which was distributed to the Pool members, but this year there will be very little profit from mixing?—A. Very little.

*By Hon. Mr. Motherwell:*

Q. Will you give us some idea of the procedure? If there was a boat spotted at elevator No. 3, would you as superintendent give instructions to the operator at the belt?—A. The foreman of the elevator.

Q. How will he do that? Will he make out a formula?—A. If we are mixing, we make up a formula, on the sample table, showing the different percentages of what he must put into it.

[Mr. C. W. Swingler.]



Q. He will have that as his guide?—A. He will have that as his guide. The man operating the belts will go down and open the bins as directed by the foreman. On the upstairs floor, we will have a man sounding these bins. He will be given the number of the bins we are pooling; he will sound these bins and will report every fifteen minutes to the foreman the soundings, to know exactly what we are running in, all the way through the shipments.

Q. That formula or prescription may include three different grades, or it may include a dozen?—A. That may be, quite.

Q. That will guide the man who is making up the prescription?—A. Quite.

Q. Depending on the relative value of the component parts and the relative value of the mixture?—A. Yes.

*By Mr. Coote:*

Q. When Mr. Sproule was before the Committee, he is reported at page 100 of our Committee's Report as giving this statement in regard to a shipment of No. 3 Wheat which was put out by one of the Pool elevators, but I do not know which one:

This was a shipment of No. 3 wheat. There were 1,652 bushels and 30 pounds of No. 2; 111,272 bushels and 20 pounds of No. 3; 19,577 bushels and 40 pounds of Tough No. 3; 25,839 bushels and 10 pounds of Tough Rejected Sprouted No. 2; 4,891 bushels and 30 pounds of No. 4 wheat; 994 bushels and 40 pounds of Rejected Sprouted No. 4; 313 bushels and 50 pounds of No. 5; 1,166 bushels of No. 6; 2,713 bushels and 40 pounds of Feed; 2,106 bushels and 40 pounds of No. 1 Kota; 4,348 bushels and 50 pounds of No. 2 Kota; 3,340 bushels and 10 pounds of Tough No. 2 Kota; 3,803 bushels of Tough Rejected No. 3 Kota Sprouted; 3,900 bushels of No. 3 Kota; 4,076 bushels of Tough No. 3 Kota, not sprouted.

You will notice in there that he states there was a certain amount of Feed, 2,713 bushels and 40 pounds of Feed. I understood you to say that you never made a practice of putting Feed Wheat in a mixture of No. 3; is that correct?—A. I believe that is taken from a mixture that there was quite a little talk of throughout the West at one time; it was taken as a composition from a Pool elevator, but it was not Pool No. 5, which was the only one the Saskatchewan Pool was running at that time. Mr. Sproule, Mr. Marsh, and Mr. Milliken—I forget the others—asked me if that could be done. I said, "No inspector would pass that as No. 3 Northern Wheat unless he was asleep at the time."

Q. Do you know Mr. Ross?—A. I do not know him.

Q. Mr. Sproule says that this is Mr. Ross' record, which was submitted to the head office at Winnipeg, and I wondered if you knew Mr. Ross?—A. I believe I have a copy of that somewhere; I have it worked out, the percentages, and it is impossible—Mr. Fraser will tell you the same thing—that any inspector would grade that going out as No. 3 Northern Wheat.

Q. We have evidence given to the Committee that it went out as No. 3 Northern, and the exact number of bushels of each one; do you not think we should have some evidence other than that it could not go out as No. 3?—A. I know we could not get rid of it, and we would not attempt it. We have been educated to hold up the quality of grain from our elevators, and I can give you statements to prove that the quality has been kept up. I might mention that the Washburn-Crosby Milling Company, of Minneapolis will accept grain from the Pool elevators rather than from any of the other elevators.

*By Mr. Vallance:*

Q. Is that from any bin of the Pool elevator?—A. That is from the Pool mixing elevators.

*By Mr. Millar:*

Q. But is that from a special bin, or are they accepted from any bin?—

A. That is the regular run of our grain. We did a special bin for the Washburn-Crosby Company. If they were making up a cargo they would ask the Lake shippers to send their boat to one of our elevators.

Q. Have you special binned for the Dominion Millers' Association?—A. I do not remember.

*By Mr. Garland (Bow River):*

Q. I would like to ask if it is the practice at the Pool terminals or any other terminals to special bin to the order of the milling companies?—A. Not now. We have done it.

Q. You have done it?—A. Yes.

Q. When did the practice cease?—A. Last fall.

Q. Did it cease generally, or are other terminals carrying on the practice too?—A. I do not know about other terminals; the Pool terminals are not.

Q. While it continued what kind of wheat did the milling companies ask to be supplied with?—A. Some years we special binned mostly for the Washburn-Crosby people. Some years they would pick up what we call the shrunken grain, rusted grain, which I understand is high in protein. Another year they might not want that, they might want something to cut down the protein to about their own. I noticed some years they would pick up rough looking grain, and another year they would pick up the fine grain, anywhere from No. 3 Northern down.

Q. And they would ask you to specially bin that for them?—A. They picked it out for us from certain districts.

*By Mr. Donnelly:*

Q. Where did they do the picking?—A. At Winnipeg.

*By Mr. Garland (Bow River):*

Q. They did the picking at Winnipeg?—A. Yes.

Q. They would send down to you the numbers of the cars and ask you to special bin at their order?—A. Yes.

Q. Is there any premium in that kind of business?—A. I do not know anything about the office end of it.

Q. From your recollection, what were the grades of that wheat?—A. We are liable to get any grade at all. We would specially bin that in two classes, Class A and Class B.

Q. Under this form of special binning, there is no evidence to show that there was any skimming of the high qualities in the respective grades?—A. I do not think so, no.

*By Mr. Ross (Moose Jaw):*

Q. You set them as Class A and Class B?—A. Yes.

Q. You mean you put the different grades there together?—A. We put the different grades together at their request.

*By Mr. Brown:*

Q. When you say you discontinued the practice, was that because of a new policy adopted or because of special circumstances this year?—A. The policy of the Pool now is, not to allow anyone to pick their grain.

[Mr. C. W. Swingler.]

*By Mr. Donnelly:*

Q. Would they not at that time, in putting it in special bins, have to pay for the whole bin?—A. Yes.

Q. Did they keep it full all the time?—A. No.

Q. Would they pay for the whole bin, or just for the wheat in it?—A. They would pay for the bin, as I understand it.

Q. The reason they quit, I understand, was because they did not get premiums enough to pay for the expenditures they were put to, and that was what induced the Pool to give it up; you are not in a position to tell us that?—A. I do not think so.

*By Mr. Ross (Moose Jaw):*

Q. In the ordinary course of events, you charge one-thirtieth of a cent for storage?—A. Yes.

Q. Per day?—A. Yes.

Q. If a person wanted to take a bin for the season, a full bin for the season, what would be the charges?—A. I do not know what the charges would be; I have nothing to do with the office end of it at all.

Q. They would not be the same?—A. Probably those bins would fill up before we got a boat, and we would have to get more bin space. We would send the bin numbers into the office, and they would make the charges.

*By Mr. Millar:*

Q. The information now would seem to indicate that the grade was a consideration, more particularly for Canadian mills, and for the American mills also. They would want to know the grade that suited them well. Would you say positively that that is not the consideration with the Washburn-Crosby people in selecting their grades?—A. It was different each year, as I stated before, according to what they wanted. Some years they would pick rusty grain, and other years they would pick the heavy grain.

Q. I can understand that, but in every year would it not be true that while they were anxious to get certain types, they would be anxious to get the tops of the grades?—A. You could hardly call it the top.

Q. Would you say they would as readily take the grades at the bottom, which were below the average as well as the higher?—A. High in protein. I am not an expert on that. That is what they told me. That would be some years, they would be glad to get all they could of it. But that grain is always low in weight, but it may be high in milling qualities.

*By Mr. Brown:*

Q. In your actual experience you will support the statement that they are always picking out the top cars of the grade?—A. The top cars of the grade have been picked by the private elevators and the mills.

*By Mr. Donnelly:*

Q. They get as much of it as they can?—A. But the pool will not allow it now.

*By Mr. Millar:*

Q. Previous to last fall were the top cars of the grade picked up by the pool?—A. Oh, yes.

[Mr. C. W. Swingler.]



*By Hon. Mr. Motherwell:*

Q. You took the cars and sent them to private terminals. What did you send to the public terminals?—A. At the present time we are taking the cars as they come to the public terminal, as in the private terminal.

Q. Then the pool is endeavouring to eliminate the extreme mixing process?—A. I believe that is their idea.

*By Mr. Ross (Moose Jaw):*

Q. In your opinion, prior to the selection for mills and in mixing houses from pool wheat, do you think that the better cars of the grades were always picked out before they got to your elevators?—A. Wherever private companies had the privilege of picking, they were certainly going to pick the best.

*By Mr. Garland (Bow River):*

Q. You mean pool wheat stored in country houses, not pool houses, would be sent to you pretty well down to the minimum of the grade?—A. No. Any grain that was picked for the pool private elevator, when we were running one.

Q. You are talking of the terminal?—A. I am working at a private now, but when we were mixing, they would pick our grain in Winnipeg and divert it to our private terminal.

Q. You have had a good deal of experience with this mixing business?—A. Yes.

Q. On the whole, do you think mixing has been good for the producer?—A. In some instances, it has been good for the producer.

Q. I am asking you to take it on the general run of years.—A. If the private elevators would live up to what they should do it would be good for the producer.

Q. What should they live up to?—A. Keeping their grades higher and not doing so much of the dumping.

Q. What do you mean by keeping the grades higher?—A. Keeping the grades well up above the minimum.

Q. Do you not think that mixtures go out pretty constantly below or at the minimum?—A. No.

Q. Why do you make the reservation?—A. Just what we have from the reports of what goes in. Mr. Fraser could tell you more than I could.

Q. In your opinion, should mixing be stopped—as a personal opinion?—A. We would be glad to stop it at any time.

Q. Could it be stopped?—A. Yes.

Q. Tell us just how mixing could be stopped.—A. As soon as the government said it was law to stop mixing, it must be stopped.

Q. Are there any practical difficulties in the way?—A. I don't know of any.

Q. Take the five hundred grades of wheat and the difficulty of determining what those grades are before they reach the terminals, and suppose somebody has brought in a law prohibiting mixing in the straight grades, 1 to 6?—A. Yes.

Q. What is your experience with regard to warehousing difficulties?—A. It would slow things up considerably, and we would not get the same story that we do at the present time. We have so many different grades. Whereas a private terminal can take some of those off grades and double them up. Sometimes you may only have a car of one particular grade, and it seems, if you stop the mixing, you would have to hold up one bin or one tank for a particular car and ship it out only when it is called for.

*By Mr. Donnelly:*

Q. This was referring only to the six straight grades; it does not say anything about the off grades. I do not see why, if the six straight grades were segregated, your off grades could not be conditioned as at the present time?—A. I do not know what you would make of them.

*By Mr. Vallance:*

Q. You say to-day that you bin your off grades. Sometimes a car will come in of one grade and you will dump it in with something else?—A. Yes.

Q. Doctor Donnelly proposes to allow you to still do that, and only to retain the six straight grades, and allow you to bin it on your own admission. Do you think that that is feasible?—A. You could keep the straight grades separate. Your off grades, such as rejected for barley, rejected for rye, and smutty grain, I don't know what you would grade it when you shipped it out. You would be getting back to the old days when a boat would be held up in loading a small lot of grain—five hundred bushels of this and one thousand bushels of that, and two thousands bushels of something else. If that grain has got to be sent out, the grain inspector has got to have a sample of each one, and it is an awful trouble.

*By Mr. Garland (Bow River):*

Q. At the present time what happens to that grain?—A. At the present time the private elevators are getting rid of that, which, I believe, must be to the benefit of the farmer.

Q. You said getting rid of it. What do you mean by getting rid of it? They are not burning it; do you mean they are blending it?—A. Yes, they are blending it.

*By Mr. Brown:*

Q. What do you mean by the term "dumping?"—A. It has been a practice, I understand, that if some of the private elevators have something they want to get rid of, instead of blending it systematically through their mix, they would dump it in a carload or half a carload.

Q. Dump it into something else?—A. Yes, dump it into something else.

*By Mr. Campbell:*

Q. Does the inspector not catch it?—A. He catches a portion of that. If he does happen to catch it and it is too bad, no doubt he will send in a separate sample of that.

*By Mr. Ross (Moose Jaw):*

Q. Have you any knowledge of mixing in public elevators?—A. No, sir; I have not.

Q. In speaking of Dr. Donnelly's system where he is advocating the keeping of straight grades separate, would it not be possible to keep those separate and then take all your off grades and make off grades for that? Then you could mix them together, after conditioning or before conditioning?—A. You could mix them, it is true. I would have to see them mix it to know what they could make. About all you would get would be rejected of the grade for whatever it was. You would not be able to get a straight grade.

Q. You would not have a straight grade; you would have separate grades.—A. You could do that all right.

[Mr. C. W. Swingler.]

Q. You could make a wheat that would be saleable from your off grade stuff by itself?—A. Yes, take rejected for barley, rejected for rye or smutty grain, and you could mix them all together—or sprouted. We have not had much these last few years.

Q. Weathered?—A. Yes, weathered.

Q. Frosted?—A. Frosted would go in the straight grades anyway.

Q. Anything that had to be conditioned could be conditioned and could be put into straight grades?—A. You would mix it altogether and ship it out in the same way as a sample lot, but you would have to get a grade on it the way you ask for it.

Q. Do you not think it would be possible to make one, two or three off grades and then if it is conditioned, put it into the different grades which would go at the price of the market, as it was selling?—A. It is going to run into a big thing, but it could be done.

*By Hon. Mr. Motherwell:*

Q. Take the off grades and the straight grades, which keep the reputation of the country up?—A. The straight grades?

Q. While they should be compensated for the off grades, we must be just to the straight grades in the interest of the country?—A. Oh, yes.

Q. Now, I gather that you cannot make as much of the off grades unless you mix them up with the good. Will that not reduce the better grades as they appear on the British Market? You could not get it past the inspector. In the markets of the world our grain is in competition with the grain of the Argentine, Australia and Kansas, and it will not compete as favourably when you get all that stuff into it?—A. No. The way we have been picking the grain, as I said before, the private terminals could keep their grain up above the public.

Q. But human nature is such that when you once get past with this mixing, is not there a tendency to go a little further?—A. No. There is a tendency with some of them.

Q. When they have to compete with those of others, is not there a great temptation to hit as hard as the other fellow?—A. I do not think my job would be worth very much if I had to go and hit every cargo of grain.

Q. There is more importanace to be placed on the preservation of the quality of straight grades in the interest of the country than there is in giving value—and a borrowed value, to the off grades by mixing them with the straight grades. It is really not fair. That is not the principle on which any other commodity goes on the market?—A. No.

Q. They usually try to classify them according to merit, and they have to find their level in accordance with the quality?—A. We would be pleased to quit it anytime you say so.

Q. I am glad to hear you say that. It is a very fictitious business. I have spoken to a lot of the pool men, and they would like it shut off.—A. It can be done anytime the government says it has got to be stopped.

*By Mr. Millar:*

Q. You made the statement a little while ago that you thought mixing in some cases benefited the farmer. Is that on the assumption that the profits made by this mixing are reflected back to the farmer?—A. Not exactly that. What I meant when I said that in some cases it is of benefit to the farmer was that you will pick a carload of smutty grain and you can give him a better price for that if it is going into a private terminal than if it is going into a public terminal.



Q. You have used the word "can"; are you sure it is done?—A. I believe the pool is paying the price.

Q. Outside the pool?—A. Outside the pool, I do not know anything about it. I believe they pay a premium on it.

*By Mr. Bancroft:*

Q. You spoke of dumping, and from your explanation I interpret that you mean the same thing as we call plugging in the country—the plugging of cars. In the case of plugging cars there is a special place to put the grain. In connection with dumping, do they throw that anywhere?—A. Just anywhere at all.

Q. Until passed by the inspector.

*By Mr. Glen:*

Q. Mr. Garland asked you a question in regard to mixing. You say you would be glad to see mixing abolished; is that your evidence?—A. Yes.

Q. And you also say it would reflect back on the price that would be given to the producer; do you say that?—A. Your grades—you can depend on them being pretty well stabilized.

Q. But it would reflect back on the price to the producer, would it not?—A. Yes, certainly.

Q. And he would get the benefit of it?—A. Yes.

Q. Will you tell us why mixing is not abolished if the producer is going to get the benefit?—A. Why it has not been abolished? The government has legalized it to go on.

Q. Supposing the government put in the Act that mixing was abolished, are there any practical difficulties in the way of carrying that out in your experience?—A. No.

Q. There are not any?—A. No.

Q. It can be done?—A. You can stop it anytime.

Q. How about the supervising of the binning; are there any difficulties?—A. No.

*By Mr. Ross (Moose Jaw):*

Q. You said that slightly smutty grain would be taken into your private terminals, and the producer might get the benefit. Do you think that in the case of grain where a poorer quality is put into a higher grain that the buyer in Liverpool, or in Europe, is fooled by what has gone into that grain, or does he know what he is getting?—A. You did not follow me up closely when I mentioned the way of putting that stuff in. Sometimes we will get a car of slightly smutty grain, or, as I said before, in the rejected. Now, if we want to build up our grain we will take a smutty No. 2 Northern and run that through our mix of No. 3 Northern. Is that not going to build it up? Rejected 2 Northern is the same way. I might say that to distribute it through like that would be just like taking a pail of dirty water and distributing it down the Ottawa River. You would not see it.

Q. In that case, you are then putting in the rejected 2, and rejected 2 must have a lower price to the producer than the other?—A. Oh, yes. We make money out of it.

Q. In this case, you think it might benefit the producer?—A. Yes.

Q. How would it benefit the producer when the producer has sold his rejected 2 for a lower price than you got for the 3?—A. By doing that I believe that the private elevators are paying premiums on that.

*By Mr. Garland (Bow River):*

Q. It creates a demand for the rejecteds?—A. Yes.

*By Mr. Ross (Moose Jaw):*

Q. In that case, if you have got a straight 3 Northern, and it is pretty poor wheat, and you can still put a certain amount of the lower grade stuff into it, and carry it out, do you not think that the European buyer knows exactly what he is getting in that grain; he is not fooled?—A. He has only got the standard samples to go by.

Q. If that poorer stuff were not in, do you think he might give a little better bid?—A. Oh, no doubt.

*By Mr. Donnelly:*

Q. In putting in rejected for smut, in a case like that, would you not wash off your smut first?—A. There is none of that done now, sir.

Q. You would not treat it at all? Would the smut not reflect on the flour?—A. It would not be noticed.

Q. Neither in the flavour nor in the colour?—A. In a case like that you might have a five hundred thousand bushel shipment and you might probably only have one car of smutty grain in it. There is so very little smutty grain coming in now—not as there was in years gone by.

Q. Do you think that the man who is raising smutty grain, though we have a certain feeling of sympathy for him, should be taken into consideration in the passing of legislation?—A. No, I think by paying a premium on that you are encouraging poor farming.

Mr. VALLANCE: No, I do not think that at all. No man grows smut from choice.

*By Hon. Mr. Malcolm:*

Q. I think I understood you to say that mixing could be abolished without any practical difficulty?—A. Yes.

Q. Do you say that there is no practical difficulty in abolishing mixing?—A. No difficulty whatever.

Q. I understand you also to say that it would reflect further profits on the producer if mixing were abolished?—A. I think it would.

Q. I think I understood you to say, when you were asked why it was not abolished, that the government permitted it by legislation?—A. Correct.

Q. Do you say that the legislation passed by Parliament compels it?—A. Oh, no.

Q. It does not compel it?—A. No, sir.

Q. You do not have to mix unless you like?—A. No.

Q. Those are an amazing set of admissions. You admit it would be in the interest of the producers if you did not mix. You admit that there are no difficulties in the way of prohibiting mixing. You admit that you are not compelled to mix. Then why do you mix?—A. We have got to mix to compete with the other fellow who is mixing.

Q. In what way? You say you can get more money without it?—A. If you will follow me through on that, I will show you. The mixing of grain at the head of the lakes—you ship out your grain to grade which is inspected by the Inspection Department. My grain may be away up on grade. We have always been told to hold our grades up, because with the Saskatchewan Co-op we could get sometimes a quarter and sometimes half a cent premium over the other places for keeping our grades up. But why should we stop the mixing when our grain is going to go down to Port Colborne and such places where it is going to be dumped in with the other fellows' grain. I understand that at the present time we can ship our grain through Buffalo and keep it isolated from other grain, but in going through Canadian ports, we cannot.

Q. That is not true. You are making a statement that you understand something that is not a fact. I am going to ask you this question: can you tell me any reason why, with your own members producing grain, with your

own country elevators handling grain, with your own terminal elevators shipping grain, you cannot take a shipment of grain and ship it directly to the markets of the world and sell it on sample in Europe, and get the price it is worth? What prohibits you from doing that?—A. I have been given to understand by our Board of Directors that the grain going from the head of the lakes—

Q. Do you know yourself?—A. --from the different elevators is not special binned.

Q. I am not asking you what you have been given to understand. I am asking you what you know. Do you know you can do that?—A. I am not handling the market end, sir.

Q. Quite so. I thought not. There is no reason why that cannot be done. As a matter of fact, it has been done, and it has been proven that selling grain on the Liverpool sample market is not as profitable as when selling it upon a Canadian certificate. If what you contend is correct, you could do it that way, and make money for your members?—A. Oh, yes.

Q. It has not been done. It is a pretty good conclusion to arrive at that the statement you make is not correct. If your statement had been correct, grain could have been sold on sample and the profit would have come to your members. I cannot conceive of the answers you have made being logical, or easily reconciled.—A. I could not tell you, sir. Pardon me for speaking back, as a witness—you mean to tell me, sir, that the grain is kept isolated at the present time?

Q. It can easily be. It is not at present practised, but it can be done. You have the privilege of selling your grain on the sample market in Europe. Nothing prohibits you from doing it. Nothing in the Canada Grain Act prevents a man or a pool or a private elevator from shipping grain to Liverpool and selling it on sample or on the Canadian certificate. Those are the ways it can be sold, but on certificate is the most profitable way to sell it?—A. I believe the pool are doing it, sir.

Q. There is nothing to prevent a shipment from arriving in Liverpool and being offered on the Liverpool Corn Exchange for sale on sample. The reason it is not sold on sample is because it is not as profitable as selling on the Canadian Government certificate. That is why the certificate is being used by everybody. You contend you could make more money the other way. If you could, why do you not? The fact that you do not is the best evidence that you cannot.

Mr. Ross (*Moose Jaw*): I would like to ask Mr. Malcolm a question. What machinery have we got to keep that grain intact from Fort William down?

Hon. Mr. MALCOLM: All the machinery necessary.

Mr. Ross (*Moose Jaw*): Are there any different ways to handling it?

Hon. Mr. MALCOLM: It can be handled right through from any terminal at the head of the lakes to Montreal by boat, and transferred into a boat at Montreal. It can be handled directly by car to Montreal. It can be kept in separate bins at Port Colborne and shipped out.

Mr. Ross (*Moose Jaw*): What guarantee have you that it will be kept separate?

Hon. Mr. MALCOLM: The guarantee that it is put into separate bins.

Mr. Ross (*Moose Jaw*): All you get at Fort William is a certificate.

Hon. Mr. MALCOLM: You are referring to the general practice. The identity is not preserved; that is true. But if one wants to do it, it can be done.

Mr. Ross (*Moose Jaw*): At the same cost?



Hon. Mr. MALCOLM: Exactly. The reason the identity is not preserved is because in loading a boat at Montreal they may not have in the terminal at Montreal sufficient of a particular grade to load the boat, so they take corresponding grades to complete the load. If one is satisfied to follow the shipment through and allow for one or two more days' delay, it can be done as easily as in handling a car of stock.

Mr. Ross (*Moose Jaw*): There is no guarantee that you are going to.

Hon. Mr. MALCOLM: There is no reason why there should be a guarantee. You can follow it through, using your own cars to do it. If one wants to do it, it can be done. It has been done.

Mr. Ross (*Moose Jaw*): On a certain sample of grain where all arrangements have been made to make an experimental shipment, that may be so; but in the ordinary cases it is not done.

Hon. Mr. MALCOLM: It is not done in the ordinary course of trade. It would be done if it were profitable to do it; but it has been proven not profitable. It has been determined that better terms are obtained from the Canadian certificate over a long period of years than on the sample market in Liverpool. Our certificate is final, but in the case of the sample market we have to submit to London registration, and usually when we do that we get the worst of it.

Mr. DONNELLY: We have had evidence from the pool on those lines showing that they have tried for years to get these things through.

*By Mr. Gardiner:*

Q. What has been the experience of the pool in selling on a sample market?  
—A. I do not know that, sir.

The CHAIRMAN: I would suggest to the Committee that we allow the witness to answer. Very often I have heard the members answering the question. The witness can reply just as well as half a dozen members.

*By Mr. Donnelly:*

Q. You started out to say that mixing was unprofitable this year. Are the inspectors more severe this year in grading out from the private terminals?  
—A. I do not think so.

Q. You think that the inspection is just about the same as in other years?  
—A. Just about the same as other years.

Q. What about last year, was mixing profitable last year?—A. Yes.

Q. There was not so much money made this year?—A. No.

Q. On account of what?—A. On account of the heavy frost in the grain.

Q. And the mixing has been done on account of profit that is made for the man who is running the mixing house?—A. Oh, yes.

Q. And that money—outside of the pool—we admit with regard to the pool that the money is turned back to the farmers—but that money in the other cases is turned into the private terminal elevators?—A. Yes.

Q. And you think if mixing were stopped much of that will go back to the farmers?—A. Yes, I think so.

*By Mr. Glen:*

Q. How do you know whether mixing is profitable or not?—A. I know by the spreads in the grades.

*By Mr. Campbell:*

Q. You stated, as far as you are aware, that the pool would stop mixing as soon as Parliament said they should do so. You are assuming, of course, that all these companies are absolutely honest and will do exactly what Parliament says

[Mr. C. W. Svingler.]

they should do. Now, in your own case, operating a private terminal elevator, supposing that mixing is abolished, and there is no particular system put into effect—I mean to say, it is against the law to mix—can you suggest any effective system for compelling it without going to the trouble of putting a lot of policemen or inspectors in the elevators?—A. The government audit which is carried on in each of the public terminals, I think, should be enough to stop it.

Q. That is, checking the out-turns with the in-turns?—A. Yes.

*By Mr. Coote:*

Q. You think the supervision of binning by the Inspection Department would not be necessary to prevent mixing?—A. At the present time in the public terminals, although they do not really supervise the binning, the Inspection Department and the Weighing Department have free access to the records and to any part of the elevator.

Q. I think you are admitting that there is not quite so much possibility of the public terminals taking any advantage, or getting any advantage from the mixing, as there would be if the general run of the grain was going to these private terminals?—A. No, there would be nothing for them.

*By Mr. Brown:*

Q. Supposing you were not as honest a man as you are, would it not be possible, even if mixing were abolished, for a man who did not want to obey the law to evade it on the present conditions?—A. He could do mixing, but the government audit would show a surplus of certain grades of grain, and you would know then that he was mixing.

*By Mr. Coote:*

Q. What would you suggest that we could do after the mixing had already been done?—A. I believe there is a penalty at the present time, one-quarter of one per cent on the overage.

Hon. Mr. MOTHERWELL: Because laws are broken, that is no reason why we should abolish them.

*By Mr. Coote:*

Q. We should know before we start how much supervision, if any, is necessary?—A. Well, I supervised myself, when I was in the Inspection Department, and, to a certain extent, it is done now. I supervised when the elevators were filling up. I was up in the storage annex watching the binning of the grain. I could get a look at the elevator man's books and see what grain they had in a certain tank, and see if it compared with mine, and watch that there was no flooding of two grades together. There is no reason why it could not be done now.

Q. When the grain is being run out it is running along a belt which travels on the bottom of the bins. What is there to hinder an elevator operator from opening these slides and allowing a small trickle of grain, say feed wheat, or screenings, to be put in?—A. That is under the supervision of the inspector and the samplers. The inspector gets samples. When we are loading a boat we give them the bin from which we are going to draw. He can go back to the records or look at his own records and see if the grain in those bins corresponds with the grade he is to receive for shipment.

Q. Yes. But supposing the elevator operator sends a man down to open the slide in another bin. If you have not supervision of the work in that elevator, what is to hinder him running a good deal of the lower grade on to that belt?—A. If that man was to do that no elevator company would protect him if he was caught and prosecuted.

Q. How is he going to be caught if you have no supervision of binning?—A. You practically have supervision.

[Mr. C. W. Swingler.]

*By Mr. Millar:*

Q. Could you tell us from your knowledge of terminal elevators as an inspector in one of those terminal elevators—whether there is a sufficient check up on mixing?—A. Yes. I might say at the present time in pool terminal No. 4 whereas one man used to look after the grain going to a boat at the rate of sixty thousand bushels an hour, there are, at the present time, three men doing that work.

Q. Yourself alone, without any assistance in the way of inspectors—you, as one inspector in one elevator—do you think you could sufficiently check up on that elevator?—A. It depends on the size of the elevator, sir.

Q. You might require assistance?—A. Yes.

*By Mr. Coote:*

Q. If mixing were prohibited how would you handle cars that arrive at your elevator and are marked too full for inspection?—A. We would check them ourselves, and bin them according to what we considered they would grade. We have had to do it. That is going towards a point where I may have the privilege of saying something—cars too full. The initial grade is put on in Winnipeg and we get that car at Fort William or Port Arthur. We bin it according to that initial grade at night, or in the early hours of the morning, but during the day time when the inspector is grading, we take his grade for it. But now, that the elevators are speeded up so fast it is almost impossible to wait for the inspectors because you are going to be away behind with your work.

Q. How many cars would you handle in a night in a busy season?—A. If we were going full blast we would probably handle four hundred cars at night.

Q. Supposing the grades of one quarter of those cars were changed, would not the result be that you might have one hundred cars of No. 4 wheat dumped into a No. 3 bin?—A. We might that.

*By Mr. Donnelly:*

Q. You look over them and you check them before you unload them? Do you have many of your grades changed?—A. Not a great many.

Q. What per cent?—A. I would not like to say what per cent.

*By Mr. Coote:*

Q. You would have possibly one hundred cars of No. 4 wheat dumped into No. 3 bins?—A. Oh, no.

Q. You said Yes?—A. No, we check those cars inward. We have a special lamp, a daylight lamp, which I have worked under for ten years. We have shipped grain and received grain under it, and we have not been fooled with it yet. And there is one thing I would like this government, or this Committee—I have been asked to speak of this by my superintendent—I would like to ask this Committee to ask the Inspection Department to make a test of that light before they condemn it. They will tell you you cannot grade grain under artificial light. We have a fully qualified inspector in our No. 5 elevator, and I have had eighteen years experience myself, and I have worked under one of those lights for ten years—we have two of them in No. 5 elevator; we have four of them in No. 7 elevator; we have one of them in No. 8 elevator; and we are confident about that light either night or day.

Q. In a great majority of cases will your grading agree with that given by the inspector?—A. Oh, yes; very seldom we are out with them.

Q. You do not think there is any practical difficulty in connection with handling cars that arrive too full for inspection, if you prohibit mixing?—A. No difficulty whatever if the initial grade is put on in Winnipeg.



*By Mr. Ross (Moose Jaw):*

Q. As a matter of fact, if any mistakes were made, they would be made both ways?—A. Yes.

Q. There is just as much chance of a 3 Northern being put into a 4 Northern as there is of a 4 Northern being put into a 3 Northern at night?—A. Yes.

*By Mr. Vallance:*

Q. You are talking about an artificial light. You grade by daylight a certain number of hours—at the primary point in Winnipeg. I mean the inspectors do.—A. Yes.

Q. Do you think it would be possible to develop an artificial light similar to the one you are talking of and have all grades inspected under that light instead of by daylight?—A. That is what I maintain should be. They should be graded under that light.

*By Mr. Millar:*

Q. Would it not be of considerable advantage in your work, Mr. Swingler, if some device were discovered that would take a fair sample of all cars, held full and others, at Winnipeg?—A. At Winnipeg?

Q. Yes, would that be of sufficient advantage?—A. I don't know anything better than the probe to get them from the cars. In the elevators we have the automatic sampler that has been brought out by the Saskatchewan pool and has proven a success.

Q. I am speaking of some device—if some device could be discovered that would take a fair sample of held full cars; would that not be of sufficient advantage?—A. I do not know of anything that would be better than the probe.

*By Mr. Donnelly:*

Q. Do you not think that if there were legislation preventing cars being filled too full, it would be of assistance?—A. It certainly would. It would give them a good chance in Winnipeg.

Q. They could be all probed in Winnipeg?—A. Even if you pass legislation for that, I maintain that all dockage should be set at the unloading.

*By Mr. Ross (Moose Jaw):*

Q. In connection with your automatic sampler, is not the grain from the car on the way to the bin when it is being sampled by the automatic sampler?—A. It is on the way to the scale.

Q. So that you have the chance with your automatic sampler to take a sample and grade the grain before it is binned?—A. We try to.

Q. In the rush you cannot do that?—A. In the rush sometimes we have to take samples going down.

*By Mr. Campbell:*

Q. On this general question of mixing, I am anxious to get the situation cleared up. I understand that the grain companies are getting grain from the minimum to the maximum, and the more they mix that grain down to the minimum, of course, the better the profit. From the standpoint of the pool farmer, do you think that his interests are prejudiced by the mixing? That is, the profits of the mixing in the pool terminals go back to the pool farmers; but is it your opinion that if the mixing is eliminated, it will be any better or worse for the pool farmers?—A. I believe it will be better for all farmers.

*By Mr. Donnelly:*

Q. Supposing I am a pool farmer, and I am obliged to put my grain into one of the line elevators. I am not able to go to the pool elevator. In my town fifty per cent of our grain has to go through other elevators. What kind of grain do these other elevators hand over to the pool? Is it up to the top, or the average, or the minimum of the grade?—A. It has got to be above the minimum.

Q. Does it come up to the average of the grade?—A. Supposed to. I don't know that I want to commit myself on that.

Q. Where is it sent?—A. Fort William.

Q. To the public terminals, or the private terminals—this grain from the line companies?—A. No, it is loaded straight on to the boats from their own elevators.

*By Mr. Campbell:*

Q. It is not delivered over to the pool terminals at all?—A. No.

*By Mr. Coote:*

Q. There was a statement made here, I think, that there was a possibility sometimes of a large run of grain coming to one of the terminal elevators from one particular section of the country, which would be very close to the minimum, or the standard of the grain of any one given grade. In your experience as an elevator operator, have you ever had such a condition as that?—A. Yes, at one time. I was working in the Inspection Department in the C.N.R. elevator. The grain of the National Elevator Company went into the Port Arthur elevator company's terminals and they had to take all they could get out of it.

Q. I do not know whether you got my question correctly. Supposing that there was not mixing done at all. The point is this: Supposing this grain was coming forward from a certain area, being very much, we will say, of a similar type; it might all go into that elevator down practically to the minimum of the grade, so that if you required the terminal elevator to have an output up to the average of the grade, they would be unable to get out of this large run of grain, grain which would be up to the average sample. Have you ever seen such a condition?—A. No, I have not. Only from private mixing houses as I have just stated.

Q. Then, from your experience, you do not think that that would be very likely to occur?—A. I do not think so.

*By Mr. Millar:*

Q. You spoke about a company that you had been operating an elevator for—I do not know whether it was a pool elevator or not—selling at a premium. Who would buy that wheat?—A. The millers.

Q. The Ontario millers?—A. No. I am sure I could not tell you who would buy the wheat. That was a statement given me by one of our officials. He said, "Keep your grades well up; we are getting a premium on it."

*By Mr. Campbell:*

Q. You are above the standard the inspector would demand?—A. If you would ask Mr. Fraser, I think he would bear out my statement, when I say that pool terminal No. 5 always kept their grain well up. Is that true, Mr. Fraser, or not?

MR. FRASER: I have not paid particular attention to any particular elevator at Fort William. When you refer to No. 5, I could not say yes or no.

[Mr. C. W. Swingler.]

*By Mr. Millar:*

Q. You believe that when the quality goes up the price goes up?

*By Mr. Vallance:*

Q. What I understood you to say at the beginning was that the importer in the Old Country bought it on the standard and he paid on the standard—the sample that was sent over to him of the specified grade?—A. Yes.

Q. Then, why was your company so anxious for you to get it above the standard? Was it just to get the premium?—A. It must have been.

Q. I would conclude from your evidence that in raising the standard higher than the average of the grade—of our own standard—it would be more profitable than to mix it down to the minimum?—A. Yes.

*By Mr. Garland (Bow River):*

Q. I think, perhaps, some of the questions have been a little unfair. The knowledge that you have that a premium was paid was from your officials?—A. Yes.

Q. You do not really know yourself?—A. No. I am like any other servant; I only believe what I am told.

Q. You answered in perfectly good faith in the matter, but I think it has been a little unfair to ask you to commit yourself to a number of these questions. You said a moment ago that it should be prohibited that cars should be loaded too full for inspection?—A. One of the members of the Committee suggested that and I said yes.

Q. You agreed with him?—A. Yes.

Q. That, of course, you realize is not a matter for the Inspection Department, or for the Board of Grain Commissioners; but would be rather a matter for the railways?—A. For the railways, I think.

Q. How, would you suggest, it should be done—by the railways bringing in an amendment to give them power to refuse to accept cars which are overloaded?—A. I think that would do it.

Mr. VALLANCE: They have it now.

*By Mr. Garland (Bow River):*

Q. Would you suggest that it be enforced?—A. Yes.

Q. With the co-operation of the railways?—A. Yes.

Q. And the Inspection Department refusing to inspect cars which are loaded to full, at Fort William?—A. They are doing it in Winnipeg now.

Q. I know. They have to. They can take the sample at Winnipeg; that is all?—A. What would become of the grain?

Q. Exactly. That is the point. I think that would be a matter rather for the railways?—A. I think so.

*By Mr. Coote:*

Q. Could you tell the Committee how many extra bushels an elevator man could put in to a car by overloading it? Have you any idea?—A. He could probably get another five hundred bushels into a car.

Q. Might it not have a very serious effect in slowing up the movement of the crop if such an order were put into effect?—A. It might do that.

Q. Therefore, it might be wise for this Committee to consider the question very seriously before it even recommended it?—A. Yes.

Q. Would you tell the Committee whether you ever had any cargoes lowered—the grade of any cargoes out of your terminal lowered by the Inspection Department?—A. Yes. Probably four or five years ago I had a dockage set on a cargo, and they took the dockage off and lowered the grade.

Q. Have you ever appealed any of their decisions?—A. Oh, yes.

[Mr. C. W. Swingler.]



*By Mr. Ross (Moose Jaw):*

Q. What were the decisions on appeal? Did you win your appeals?—  
A. We have won them.

Q. Practically every time?—A. We had one shipment of 2 Northern wheat. It was beautiful wheat, but there was a sprinkling of Durum in it—one-eighth of Durum in the sample on actual weight. There was a lot of 1 Northern wheat which had been made 2 on account of the sprinkling of Durum. But it was a beautiful cargo of grain; but on account of this little sprinkling of Durum it was lowered. I would not accept it. We appealed it.

*By Mr. Coote:*

Q. Did the inspector lower it to a 3?—A. Yes, to a 3, and the Appeal Board to which we appealed it gave it a 2.

Q. Would you have much difficulty without mixing your grain to put it out on standard equal to the best from the bins of a public elevator?—A. No.

*By Mr. Donnelly:*

Q. You said that you shipped quite a lot of wheat to the Washburn-Crosby people?—A. Yes.

Q. Out of your elevator?—A. When I was in No. 5 we shipped an awful lot of grain to the Washburn-Crosby people.

Q. You were shipping to the American side?—A. Yes.

Q. The reason you were keeping your grades up was that you were shipping this grain over to the other side—the American side, not to Europe—and they were paying you a premium on that grain?—A. I don't know.

Q. It must have been something like that if you were getting a premium. It was on grain shipped to the United States that you were getting a premium?—A. Yes.

*By Mr. Millar:*

Q. In the most extreme cases of overloading, what would be the space left between the roof and the top of the grain in the car?—A. Sometimes a man has a hard time to crawl along.

Q. Sometimes as little as a foot?—A. Yes.

*By Mr. Ross (Moose Jaw):*

Q. Some cars are worse than others?—A. Yes, some cars are worse than others. You can understand that; the grain is sometimes lighter.

*By Mr. Vallance:*

Q. You do not see any reason why the railway companies should be supposed to load these cars so full?—A. When there is a shortage of cars, I suppose they are glad to do it.

*By Mr. Donnelly:*

Q. Supposing a man has a thousand bushels of grain and there is an accident and the car is broken up. Does he get paid for all that is in the car?—A. I don't think he can claim for anything above the maximum load of the car.

Q. A farmer or an elevator company which loads a car too full is taking a chance that he will lose some of his grain?—A. Yes.

MR. COOTE: Has he any positive knowledge on that point?

MR. DONNELLY: I think that is true. He will only be paid for the maximum load of the car.

[Mr. C. W. Swingler.]

*By Mr. Ross (Moose Jaw):*

Q. Can you give us any idea of the cost of mixing grain?—A. The cost?

Q. Yes.—A. The cost will practically run about the same as in a public elevator.

Q. Can you give us any idea of the cost of mixing grain? Some grains would cost more than others to mix?—A. I could not tell you that. I did not buy any. But our stuff is practically the same as in the public terminal.

Q. I mean to say the cost of the handling. You have additional handling in your mixing?—A. Very little; except in the cleaning. We clean more than the public terminals.

*By Mr. Millar:*

Q. How is this grain handled in the mixing elevators?—A. This year it is handled very easily.

Q. Yes? But least year and the year before?—A. In that case, if we are handling tough grain we distribute it through according to what our average will test out. We test the average. We test the tough grain, and we know what percentage we can put in of the tough into the straight.

Q. In your practice is tough grain actually dried artificially?—A. Oh, no, not in the private terminals.

Q. Would you say the same of damp grain?—A. No.

Q. Would some of it be dried artificially?—A. We handle very little damp grain. If we do get any, we would run it in according to what percentage it would take. You might put one car of tough in a great many cases, whereas it would only take half a car of damp.

Q. Would you work it off without artificially drying it?—A. If we can, sir.

Q. Was there any dried this year artificially?—A. We have not had any dried, sir.

*By Mr. Ross (Moose Jaw):*

Q. You have been in the practice of putting damp grain into straight grade grain if it is dry enough to handle it?—A. Yes.

Q. Generally, if you have a considerable amount of tough and damp grain going forward, you endeavor to put your straight grades out to carry your damp or tough as close up to 14.4 as you can?—A. Keep her well below.

Q. How much below?—A. To be safe you have to be less than fourteen per cent.

*By Mr. Coote:*

Q. Just explain that point a little bit. Does not the inspector pass your cargo if it is under 14.4?—A. They are supposed to on a car; but I do not think they would accept a shipment like that—a big shipment.

*By Mr. Donnelly:*

Q. You are afraid you might get a sample that is over 14.4?—A. Yes.

Q. You keep it well below 14.4?—A. Well below.

*By Mr. Coote:*

Q. Could the inspector legally refuse to give you a certificate for straight grade wheat if his moisture test shows less than 14.4?—A. He could not legally; but they would do it, I believe.

Q. Supposing he did, and you were satisfied that it was below 14.4 and you appealed it to the Appeal Board, what is your opinion as to what the Appeal Board would do about it?—A. I think the Appeal Board would uphold it.

Q. Would uphold yourself or the inspector?—A. They would uphold ourselves. But we do not like to get into those controversies.

*By Mr. Donnelly:*

Q. What do you do with all your screenings?—A. We ship them to different places—Minneapolis and Duluth, and such like.

Q. Are they graded out?—A. They are graded out the same as high grade wheat.

*By Mr. Vallance:*

Q. You were talking about the moisture content of a cargo, and that you would like it to go out below 14.4. In your opinion, are you afraid of its not keeping?—A. I do not know how the grain would keep; but I would hate to see a cargo go out at 14.4.

Q. In your opinion, 14.4 is too high a content for the safe transportation of wheat?—A. Oh, no; 14.4 will keep.

*By Mr. Ross (Moose Jaw):*

Q. It is the risk with the inspector that you are worrying about?—A. Yes.

*By Mr. Coote:*

Q. Is a great deal of this tough wheat shipped as tough?—A. Yes.

Q. Now, coming back to the question of screenings, will you tell the Committee under how many different names the screenings are put out—the different classifications?—A. There are refuse screenings, standard re-cleaned screenings, and outscalpings.

Q. Now, will you tell us, if you please, what your standard re-cleaned screenings would be composed of largely, and what would be included in the refuse screenings?—A. In the standard re-cleaned screenings there is buck-wheat and broken wheat; in the refuse screenings there is chaff, dust, and wild seeds.

Q. What are the seeds in the refuse screenings used for?—A. I don't know.

Q. Could you tell the Committee how much you get per ton?—A. I don't know that.

Q. Have you ever thrown any of those screenings in the lake, or seen it done?—A. Oh, yes. We paid a dollar a ton to get them taken away from the elevators.

Q. But sometimes you will sell them?—A. Oh, yes, we are selling them right along now.

Q. Could you tell us how much revenue would be derived from your dockage?—A. I could not tell you that, sir.

*By Mr. Ross (Moose Jaw):*

Q. Do you never have standard re-cleaned screenings, or do you sell them as refuse screenings?—A. Standard re-cleaned screenings and refuse screenings.

*By Mr. Campbell:*

Q. Have you ever known white spring wheat to be mixed with Amber Durum? It resembles it a lot?—A. I do not know that, sir.



*By Mr. Coote:*

Q. Have you ever handled that white quality of wheat?—A. Very little.

Q. What would you do with it if it came in?—A. We would ship it out in the lower grades of spring wheat. We have 6,800,000 bushels in store now, and I think we have only about three cars of white spring wheat in the elevator.

Q. How many bins would you have in your terminal elevator?—A. You have me guessing for a little while now. There are 136 tanks of 32,000 bushels per tank. I could not tell you from memory what there is in the smaller bins. We have them from 1,400 bushels up to 32,000 bushels.

*By Mr. Garland (Bow River):*

Q. Approximately, how many smaller bins have you? What do you mean by smaller bins?—A. The smaller bins are the interstices in between the tanks.

*By Mr. Donnelly:*

Q. What size is your elevator?—A. 6,800,000 bushels.

*By Mr. Coote:*

Q. There would be approximately the same number of the smaller bins?—A. Yes.

Q. Can you give us any idea of the number of grades you would have in that house at one time? What would be, as a rule, the number of grades?—A. We might have, perhaps, one hundred grades in. Of course, we would not have as many as a public terminal because we are handling mostly wheat.

Q. I was going to ask you if there is an attempt to segregate the wheat into certain bins, and the coarse grains into others?—A. That is not done.

Q. You handle some oats and barley?—A. We are not handling any—only what we take from the mixed grain, and the C. C. Cars.

Q. Would you tell us whether it is a very difficult operation to separate wild oats from wheat?—A. No.

Q. Does it take long?—A. We can separate that in the usual course of work. We are doing it every day.

*By Mr. Millar:*

Q. When you are deciding on a mixture, do you depend entirely on your own judgment, or do you explain the mixture to the inspector?—A. We use our own judgment.

Q. It is never submitted to the inspector?—A. I think Mr. Symes prohibits the inspectors from doing it, although there are some inspectors that will come and pass their opinion on mixtures; others won't.

Q. When a cargo is loaded out, the inspector frequently informs the elevator operator that it is not quite good enough, does he not?—A. No.

Q. Sometimes?—A. Not in my case. He does not have to.

Q. You have never had the inspector act that courteously to you?—A. No.

Q. It is done in some cases?—A. I guess no doubt it is.

*By Mr. Bancroft:*

Q. I have heard it said that the inspector will refuse to do that. They tell them to go ahead and load the shipment and they will grade it when it is loaded.—A. He is one of those bull-headed ones if he does that.

*By Mr. Garland (Bow River):*

Q. Are there many of them?—A. There are a few of them.

[Mr. C. W. Swingler.]

*By Mr. Coote:*

Q. Would that not be a good practice for the inspector to pursue? Would it not have the result of influencing the operator of the elevator in the direction of putting out a better grade of wheat, and a better quality of wheat?—A. Yes, I think if the inspector would work a little bit with the elevators they would have less worry themselves.

*By Mr. Campbell:*

Q. The inspector might have less worry, but would he get better results? I rather appreciate the bull-headed inspector—A. You do not get my meaning of bull-headed. A bull-headed one does not want you to associate with him at all. He knows it all, and we know nothing.

*By Mr. Coote:*

Q. Is it your point that the inspector should tell the operator of the elevator if his mixture is going to be within the line?—A. We do not care whether he does or not.

Mr. MILLAR: I would suggest, Mr. Chairman, that just at this point we might ask the Chief Inspector, who is present, just to clear up this point whether instructions are given to show that courtesy in some cases and in some cases not.

*By the Chairman:*

Q. Mr. Swingler, have you any recommendations to make?—A. The only recommendation I have to make is the adoption of the automatic sampler, and to ask the Inspection Department to give the daylight lamp a good fair test before condemning it. I have another recommendation which is to put the initial grade on in Winnipeg—the initial grade at the terminals, and have all dockage set at the terminals.

*By Mr. Coote:*

Q. Would that give the man the right to appeal if he thought the dockage was unfair?—A. Yes, the pool are holding their samples for thirty days now.

Q. The appeal would be held in the unloading terminal?—A. Yes.

*By Mr. Donnelly:*

Q. You believe that the automatic sampler would give a fair sample of the grain—a fair amount of dockage?—A. Yes, I am sure of it.

*By Mr. Coote:*

Q. I have one more question to ask you. From your experience, do you think that grain that is graded on a bright day may receive a different grade from grain that is graded on a dark day?—A. Undoubtedly. To bear out my statement—an inspector may work at a certain window day after day, and then he may be moved to another window, and he may not be as confident of himself. To-day might be a nice bright day for grading grain while to-morrow might happen to be a dull day, and he would have to strain his eyes. But, with the daylight lamp, you have the same light day after day. We have them fixed on a pulley so that you can lower them or raise them to suit you. One man may want his light high, while another man may want it nearer the grain.

*By Mr. Campbell:*

Q. It is a sort of artificial sunlight?—A. Artificial light, 500 watt light, shining through a blue glass. You could shine it on that desk, and you would not see a shadow around.

[Mr. C. W. Swingler.]

*By Mr. Millar:*

Q. In the case of cargoes going out of Fort William, are they inspected by inspectors other than government inspectors?—A. We have our pool sampling bureau. They take their samples and check up the grades, and sometimes appeal them.

Q. Are they ever inspected by the buyers—inspectors representing the buyers?—A. Sometimes.

Q. Frequently?—A. Oh, yes.

*By Mr. Donnelly:*

Q. Would it be possible, do you think, Mr. Swingler, to have the automatic sampler installed for out-going cargoes?—A. Yes.

Q. On to the boats?—A. You would have to take the sample on the belt as it is going to the scales.

Q. Do you think it is possible to have it installed?—A. Yes.

Q. Do you think it is advisable?—A. I think, probably, it would.

Q. Just the same as on grain going in?—A. Yes.

*By Mr. Coote:*

Q. Would there be any possibility of tampering with the sample after the wheat was sampled, going from the scale to the boat?—A. You could not do it, sir. Where the sample taken by the inspector is at the nearest point that he can get to the elevating leg, and after it strikes the elevating leg there is no chance of taking any sample off it until it gets on to the boat.

Q. You are satisfied it would be exactly the same sample?—A. Yes.

*By Hon. Mr. Motherwell:*

Q. Is it just as it is delivered off the belt?—A. Yes.

Q. Mr. Symes seemed to think the grain was travelling too rapidly to take a sample?—A. Oh, Mr. Symes has some funny ideas. It does not make any difference how rapidly the grain travels, you can put on an extra number of buckets and you can get the sample.

*By Mr. Donnelly:*

Q. There is no chance of it breaking down—of it not being strong enough?—A. It is liable to break down anyway.

*By Hon. Mr. Motherwell:*

Q. There are as many reasons for putting an automatic sampler on out-going shipments as on in-coming shipments?—A. Yes, just as many.

The witness retired.

JAMES D. FRASER, re-called.

*By Mr. Millar:*

Q. Mr. Fraser might go on and explain his instructions to the inspectors with regard to the courtesy we were speaking of?—A. The inspectors at the elevators at Fort William, when a shipment is being made have instructions not to make any remarks in connection with the shipment unless they are asked something by the elevator operator; then they are to answer courteously.

*By Mr. Campbell:*

Q. I suppose he can tell him whether it is good enough or not?—A. Answer his question, whatever the question is.

[Mr. J. D. Fraser.]



*By Mr. Garland (Bow River):*

Q. That is the point at issue, I think—are the inspectors instructed to give the operator of the terminal elevator the information that the operator may ask of him?—A. They haven't any instructions to advise the operator with respect to the shipment. If they are asked if it is running all right, they would probably answer Yes or No.

Q. But the inspector is under no obligation to give information?—A. None at all.

*By Mr. Campbell:*

Q. In case a mixture is submitted to the inspector, and suppose the operator said "Now, we are going to make up a cargo; will you say whether that will pass"; the inspector would refuse to advise him?—A. Not necessarily. He might express an opinion on it.

*By Mr. Brown:*

Q. Any opinion expressed under such circumstances would not bind the department in any way?—A. Not in any way at all.

*By Mr. Gardiner:*

Q. It would have the effect of following it up with the same opinion, after a sample was secured?—A. Of course, they would look for the same grain to be delivered as was shown to them in that sample. There is one point there where it was said that Mr. Symes thought that the stream was running too fast for an automatic sampler to be used. He was referring to the stream out of the spout as delivered on to the boat. That really is the proper place to sample it if we could get the sample.

*By Mr. Garland (Bow River):*

Q. What do you fear would happen between the weighing bin and the boat?—A. Well, of course, anything might happen in the house. In most of the houses I believe the spouting is all right so that nothing else would get into it; but there is a possibility. In the past we have found in one or two houses just such a bin and we have had it removed.

*By Mr. Ross (Moose Jaw):*

Q. In that connection, there might be more than one scale which could be in use?—A. Yes, it could probably be coming from half a dozen scales.

*By Mr. Garland (Bow River):*

Q. Would there be any possibility of these suspicious bins being removed if the Board of Grain Commissioners undertook to properly check up all the operations of the terminals?—A. Wherever there are any improper bins with spouts, the elevators are advised to remove them, so there will be no difficulty.

Q. On the discovery of one?—A. Of course, in the public elevators our inspectors have full run of the house, and they know. They are well acquainted with the construction of the house.

Q. What about the private terminals?—A. We do not pay any attention to what they do in the house. We sample on the boat.

Q. Would it not be a part of the duties of the Board?—A. Not in the house, Mr. Garland.

Q. Is it not true that the Act gives the Board of Grain Commissioners the right at any time they wish to make a surprise check of the terminal elevators, private and public?—A. I understand that is public elevators.

Q. You do not think it applies to the private elevators?—A. I do not think it applies to the private elevators.

Q. You are not sure?—A. That is the way I take it.

Q. I understood, on one previous occasion several years ago, that the Board of Grain Commissioners undertook a surprise attack of the terminal elevators, both private and public.—A. I guess I could not speak for what the Board did a few years ago. That may be so.

Q. Do you know anything about it from your own knowledge?—A. Not from my own knowledge.

*By Mr. Ross (Moose Jaw):*

Q. In connection with that, how can the government establish information with regard to overages which are in private terminals?—A. They do not, in private elevators; only in public.

*By Mr. Donnelly:*

Q. They just take the returns?—A. That is all. Grain is inspected in and out of private houses.

*By Mr. Garland (Bow River):*

Q. Do you not think, Mr. Fraser, that there should be a closer supervision of the operation of private terminals by the Board of Grain Commissioners in the interests of the trade generally—the producers and the trade.—A. I do not see how you could possibly check up a private elevator which is continually blending grains. You could not do it. It could not be done.

Q. I am not asking you about continually checking them. Do you not think there should be the right provided which is not now provided? Do you not think it should be made part of the duties of the Board of Grain Commissioners to undertake to have an inspection—a complete inspection to check up the operation of terminal elevators handling large quantities of our wheat?—A. Private elevators could, if it was the law, be checked as far as a weigh up each year, is concerned, along the same lines as public elevators at the present time. That would, of course, indicate overages and shortages. It would probably indicate the amount of mixing that had been done.

Mr. BROWN: Might I make the suggestion with regard to our place of meeting, that this Agricultural Committee is the most important Committee, and should not be shifted around from place to place. We are meeting constantly, and I think we should have some permanent place to hold our meetings.

The CHAIRMAN: I will take the matter up, and see what can be done.

The witness retired.

The Committee adjourned.

## HOUSE OF COMMONS,

FRIDAY, April 26, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 a.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Gentlemen, the interim report of the Saskatchewan Royal Grain Inquiry is to hand and will be distributed to the members of the Committee.

Our witness this morning is Mr. C. B. Watts, Secretary of the Dominion Millers' Association. Mr. Watts is also a member of the Standards Board.

CHARLES B. WATTS, called and sworn.

The WITNESS: Mr. Chairman and gentlemen of the Committee, you have heard a good deal of evidence from the producers' side, but I do not think that you have had any evidence from the millers, and as the question of grading is of as much importance to the millers as it is to the growers, I am going to ask you to allow me to present the case very fully from the millers' side, because the interests of the growers and the millers are so closely interlocked that you cannot seriously injure one without its reflecting on the other.

In 1923 Parliament was so impressed with the importance of this question that they appointed a Royal Commission to take evidence on it. They took evidence for many months, not only in Canada but in the United States, and as none of the members of the Committee were acquainted with the handling of grain in the United States they requested me to accompany them from Buffalo onwards, and afterwards I spent three months in Winnipeg and Fort William in attendance on the Commission as representing the millers.

I think I can put the matter before you in the most concise form by presenting to you facts as brought out in those hearings, and the subsequent report which was presented to you by the Royal Grain Commission. So, with your permission, I will just take the matter up along that line. First and paramount are the producers, with their capital locked up in their farms practically to solely grown wheat unless engaged in mixed farming. Second, the millers of eastern Canada with their investment locked up in their mills solely to grind the wheat the farmers grow, which they buy in competition with all other interests. Third, the country elevators who have a practical monopoly except for the small percentage loaded direct on to cars. Fourth, the public elevators, whose earnings depend on volume at fixed charges. Except surpluses which they get illegally contra to the Canada Grain Act, prior to 1924. Fifth, the private elevators, who are parasites taking the life blood from both the producer and the miller and whose interest is in volume not quality.

Mr. James Stewart, President of the James Stewart Grain Company, and also President of the Maple Leaf Milling Company, gave his sworn evidence on the 14th of April, 1924, pages BB 8 and 9, as follows:—

It is just like this; it would mean that the elevator, the private elevators would have to be content with a smaller volume of business and their overhead per bushel would consequently go up, and instead of being able to pay a cent premium as at present it may have the effect of making the mixing house only pay a quarter of a cent premium, that is very likely what would happen, because they are stretched to the utmost at the moment as far as I can see.

[Mr. C. B. Watts]



Sixth. The exporter. Quality is of no importance to him. Mr. Stewart said on the same date, page CC 2:—

In so far as we as exporters are concerned it makes no difference whether we send the very best quality or the very worst.

*Board of Grain Commissioners:* Within the first year after the appointment of the Board of Grain Commissioners under the Grain Act, the only member of the Board who knew anything practically about the inspection of grain, the late Inspector Gibbs, resigned and was replaced by Commissioner Jones. From that time on, the safeguards surrounding the safety of grain in the Canada Grain Act were gradually removed by the Board.

(1) The binning under the direction of the inspectors, section 95, subsection 5.

Again section 126, subsection 9, requiring all cars containing dockings shall be cleaned, the evidence showed was not cleaned if the certificate only showed one per cent dockage.

As the Commissioners—that is, Mr. Justice Turgeon and his associates—remarked more than once:—

The requirements of the Act have been practically ignored.

The Board instead of having the Act properly amended became a law unto themselves, ignoring the requirements of the very Act by which they were appointed.

The Board did not even enforce their own regulations which they made under the Act.

The Chairman, on the 29th of April, page A-4, was constrained to say:—

How is it the Board has been receiving for three years, very obviously, wrong returns and is still going on receiving them?

Again the Chairman said:—

We are pointing out that it is a wrong practice, that the Board has power to stop it and ought to stop it.

*By Hon. Mr. Stewart:*

Q. Are your extracts taken from the report by yourself, Mr. Watts? Who took those extracts from the Turgeon report?—A. I took them from the sworn evidence given at that Royal Grain Commission Inquiry.

Q. But they are your extracts?—A. They are copied word for word.

Q. And from the Turgeon Report?—A. No, not from the Turgeon Report, but from the evidence given at the hearings.

Q. You are quoting the Chairman's references there; that is Chairman Turgeon?—A. That is Mr. Justice Turgeon himself where he speaks. Again:—

We cannot issue an order that those companies make those returns. All, we can say is, that the Board itself should more actively see to the carrying out of its own orders.

*By Mr. Lucas:*

Q. In speaking of the Board there, do you mean the Board of Grain Commissioners?—A. Yes, sir. These last remarks were all addressed by the Chairman to the Board of Grain Commissioners when they gave evidence.

Here is our suggestion entirely separate from that, what we recommend:

*By Hon. Mr. Stewart:*

Q. Who recommend, Mr. Watts?—A. The Dominion Millers Association. I was representing them.

[Mr. C. B. Watts.]

Q. What I want to avoid is confusion. You quote Chairman Turgeon, then you say "we recommend," who are "we"?—A. The Dominion Millers Association, whom I am representing.

In view of the above, we would ask the Commission to have a clause inserted in the new Act whereby the Board of Grain Commissioners individually and collectively, can be held responsible for the proper administration of the Act and that anyone interested may have the power to file a complaint and bring the matter before the high court judges to be dealt with.

I know this will sound a very drastic proposal but it is justified by our experience with the late Board and the fact that the interests of the producers on the one hand, the millers on the other are too important to allow at the mercy of a body of men appointed for ten years. Also, that in the future, no amendment should be made by Parliament to the Grain Act without the Producers, Millers, elevator interests and others interested in the handling of grain, being given an opportunity of thoroughly discussing the proposed amendment and presenting their views thereon to the Agricultural Committee of the House before the proposed amendment becomes law.

*By Mr. Millar:*

Q. Were these recommendations made by the Dominion Millers' Association at the time the Turgeon Commission were investigating, or making the enquiry, or are these the ones you recommended?—A. These are the proposals we made at that time, the proposals we put before the Turgeon Commission. I may say in reference to that, outside of the Act having legalized some of the practices, conditions to-day are infinitely worse from a milling and mixing standpoint than they were when we made these recommendations. But of course mixing has been legalized since 1925: it was not legal before that. I may be pardoned, Mr. Chairman, for mentioning that I have been a member of the Board setting Western Standards for over thirty-five years, and also setting the Eastern Grain Standards. I have also been a member of the Board of Grain Examiners, and for that period of time have examined the inspectors' qualifications to act as inspectors. I have also been a member of the board of appeal for the same period as representing the Dominion Millers' Association, and I have attended over thirty-five meetings of the Western Standards Board, as well as meetings of the Eastern Standards Board every year during that time except one.

#### (4) Interests of Producers and Millers Mutual.

During the whole of this period, I have always held that the interests of the wheat growers and the millers were so interlocked that you could not seriously injure the interests of one without damaging the interests of the other.

This is shown in various ways:—

(a) During the year ending the 31st of March, 1924, 11,990,840 barrels of flour were exported to seventy-two countries and would make 419,679 barrels of bran and shorts available for feeding purposes to the farmers of Canada and thus cheapen the cost of feed for their livestock.

This is a very important factor in the cost of the production of dairy products and livestock as if only the bran and shorts from the flour consumed in Canada were available, it would mean very much higher costs of feeding stuffs.

(b) The flour was exported to no less than seventy-two countries, whereas Canadian wheat was only exported to twenty-eight different countries. To three of the twenty-eight, the Argentine, Spain and France, the export of flour was prohibitive by natural or tariff condition.

(c) The milling industry not only widens the market for wheat in shape of flour, sending to countries where wheat does not go, but provides a steady

market all the year round, not only for home consumption but for export also. as flour is often exported to keep brands on the market when there is not export demand for wheat.

#### (5) Quality Prime Factor.

The fact of primary importance to be kept in mind at all times in dealing with this enquiry is, that the western farmers are striving to grow the best quality of wheat to command the highest price in the markets of the world and that it is grown for the purpose of making flour and no other. The millers of Canada exist for no other purpose than to make flour out of wheat grown in Canada.

They are not like the millers abroad, who can get their raw material, wheat, from all over the world but the Canadian mills are absolutely dependent on the Canadian farmers for their business and they are the best market for the Canadian farmers' wheat.

#### (6) Market Equally Important.

More than half of the milling capacity of Canada is east of the lakes, largely in Ontario. The Maple Leaf Mill at Port Colborne has the greatest capacity of any mill in Canada while there are a large number of small mills scattered throughout Ontario who largely use Manitoba wheat.

All mills east of Port Arthur buy their wheat on Fort William inspection and are suffering loss just as the mills abroad are, by the mixing process and other objectionable practices of lowering the quality of Manitoba wheat as bought from the producer, carried on at the head of the lakes.

#### (7) Millers Overseas.

In all the objections we urge against the lowering of the milling value of Manitoba wheat, you will appreciate that the same objections would be urged by the miller overseas if he knew the facts as brought to the attention of the Commission; as in our desire to buy the wheat just as sold by the producer with the dockage cleaned out, we are identical.

Mr. James Stewart (14/4 B. 11) said "Well it is like this, the miller in the importing country has got to produce so much flour from so much wheat and he knows from actual practical experience what flour he can produce from wheat which he imports from Canada. He bases the prices accordingly unquestionably because there would be no incentive to buy, to deviate from that principle."

#### The Royal Grain Inquiry Commission.

The Commission was appointed to report as to the best methods to adopt in marketing the grain to secure the highest price for the farmers.

#### (8) Inspection.

This is the first step and the most important to this end, as anything that makes doubtful the correct grading, strikes a fatal blow at the foundation of the whole system of marketing farmers' grain.

Parliament, in the old Inspection Act and in the Canada Grain Act, recognized the great importance of this, and safeguarded it in every way by providing that only experienced men, after passing a severe examination, should act as inspectors and enacted laws to facilitate their grading being correct and provided penalties for violation of the Act.

Previous to the amendment to the Inspection Act and the framing of the Canada Grain Act, lengthy hearings were held by a Committee of the Cabinet at Ottawa, of representatives of producers, the Winnipeg Grain Exchange and the millers.



The Commissioners must be impressed by the precautions contained in the Canada Grain Act, to prevent mixing and insure the miller both at home and abroad, receiving the grain as inspected, from the farmer, on which basis the farmer is paid.

It never was the intention of the framers of the Canada Grain Act that the farmers should be paid on a low grade and the same grade sold by middle men to the consumers on a higher grade.

We believe the present situation would never have existed had not the late Board of Grain Commissioners been dominated by a member who, previous to his appointment, was one of the most expert elevator operators, knowing all the tricks of the trade and yet by his evidence before this Commission, showed remarkable ignorance of what was going on at the Government elevator at Port Arthur of which he was head.

Instead of the regulations governing private elevators requiring their output should equal that out of public elevators, this, and many other safeguards plainly intended by the Act, are missing.

In view of the conditions surrounding the administration of the Canada Grain Act, it is a high tribute to the integrity of the inspectors that it has been administered as well as it has, in the face of the discouragement they encountered as reflected in the evidence of the Deputy Chief Inspector Fraser, 9th of February, that he wrote complaining of dockage being allowed on certificates of outward shipments from Fort William that "this is all that could be done under the system."

Further proof of this is shown in the report of Dr. Bell on the appeals heard by the Board of Survey on cargo shipments.

The appeals were all made by private elevator companies to have the grades raised and they were successful in twelve appeals out of twenty-three, or over fifty per cent, with no appeals from the public elevators.

The capacity of the public elevators was 37,525,000 bushels, and the capacity of the private elevators was 21,325,000 bushels. There are now only four public elevators.

#### Premiums.

The supporters of the private elevators seemed to justify their continuance on the ground that the premiums paid are greatly beneficial to the farmer. Their star witness in this respect was Mr. Graham of Messrs. Graham, Blackburn and Mills, on the 2nd of April.

That they are very active is shown by their circularizing 12,000 customers, the beginning of the year, and having a mailing list of 8,300.

I would ask your attention to the exhibit filed by Mr. Pitblado showing the wheat sold by this firm at a premium, copy of which is hereto attached, Exhibit "A" and "AA" attached.

In spite of all their activities, they were only able to sell 501 cars at a premium to private elevators, paying the farmers \$5,342.09.

If the private elevators only raised these cars one grade (they would be out of pocket if they paid any premium unless they put the wheat at least one grade higher), the private elevators received by this operation \$30,334.02 for simply mixing the wheat into a higher grade or nearly six times as much as the farmers who had all the labour of growing the wheat, received in premium.

F. F. Murray of the Grain Growers' Grain Company on the 29th of April, B 1—

*By Hon. Mr. Malcolm:*

Q. What year was that, Mr. Watts?—A. 1924.

[Mr. C. B. Watts]

*Mr. Watts (Reads):*

Q. Did you pay the farmers a premium for the Tough No. 1 Northern this year?—A. Yes, we paid a premium over the market price. We paid the farmer more on the Tough No. 1 Northern than if it had been put in Public Terminal bins as Tough No. 1 Northern.

Q. How much premium did you pay?—A. From one-half to one cent per bushel.

Q. No. 1 Northern on October 19th, this year, was 95¼ cents per bushel and Tough No. 1 Northern, 86¼ cents (or 9 cents under), No. 3 Northern was 87⅝ cents and 83 cents or approximately six cents per bushel less.

Q. You paid the farmer one-half to one cent per bushel premium and get No. 1 Northern price for it by putting it in without drying?—A. We paid more than anyone would pay in the public terminal elevators. We paid him a better price. You had the option, you and your friends, to come up and pay him more.

Q. Do you think it was in the interests of the farmer for you to get five cents and he get one cent?—A. We did not get five cents and he get one cent, and you know it. You know too much about the grain business to say that.

*By Mr. Brown:*

Q. Was that between Mr. Pitblado and Mr. Murray?—A. This is Mr. Murray, of the Grain Growers' Grain Company and this is his cross-examination.

Q. By Mr. Pitblado?—A. No; Mr. Pitblado was representing them.

*By Hon. Mr. Stewart:*

Q. Who was the party that asked the questions?—A. I beg your pardon?

Q. Who was asking Mr. Murray these questions?—A. Probably myself, from the wording of them. I think I was doing the cross-examining in this case, because you notice he says in his answer "you know too much about the grain business to say that."

Q. So you assume that that was you?—A. I was representing the millers, as their counsel, for three months up there, at that time. I attended their hearings and had copies of all the evidence, and I had the privilege of cross-examining just the same as the lawyers for the other parties had.

*Mr. Watts (Reads):*

Premiums. G.G.

This is further shown on April 14th. B.B. 4, Mr. Pitblado speaking on the returns made by the private elevators said:—

All I am getting back to is this, you are talking now of the private elevators at the head of the lakes allied as they are with the country houses that it is a "mere trickle" as I call it which really comes in from the farmers' consigned grain.

In this connection we wish to draw your attention to Questionnaire for Private Elevators, filed by Mr. Pitblado, as to premiums for the year beginning the first of September, 1923.

In reply to question five they claim fifteen private elevators paid a total premium of \$408,705.

Question 6. Twelve paid premiums on total of 52,314,892 bushels.

Taking this as a basis on which fifteen elevators paid premiums, it figures out exactly five-eighths of a cent per bushel.

You will note that this return is prepared from the first of September, 1923, when your Commission was sitting and the question of premiums was a vital

[Mr. C. B. Watts.]

one as far as the producers were concerned. The private elevators produced no evidence as to what premium they paid in 1921-22 or 1922-23 that most other statistics filed refer to.

Mr. J. R. Murray of the Grain Growers' Grain Company said, 29th April, B 13,—

I understand there are some exceptions to it but the majority of the private elevators had paid the premium and are willing to pay the premium at any time for diversion.

I will ask you to note that it is for diversion; not for the grain, but to have it diverted from one point to another, a premium of one cent per bushel.

That is, quality has nothing to do with it; the premium is to obtain volume.

The producer, however, received a very small percentage of the premiums which are paid almost exclusively by the private elevators to their allied companies such as, for example: The Mutual Elevator Company, Smith Murphy Company and the Provincial Elevator Company: which practically means taking it out of one pocket and putting it into the other, but not into the farmers' pockets.

Mr. Pitblado speaking above of the farmers' grain called it "a mere trickle".

In this connection I would draw your attention to Order No. 5 of the Board of Grain Supervisors, September 12, 1917.

This is the question of diversion which has been brought before you by the farmers, and I just want to draw your attention to what happens there. I have here the Order of the Board of Grain Supervisors, issued on the 12th of September, 1917, which permits mills to divert. I may say in passing that we are opposed to their diverting, just as much as the private elevators are.

#### "Diversion Privilege Interior Western Flour Mills.

That flour millers whose mills are located west of Fort William and Port Arthur may pay a maximum of one cent per bushel in excess of above fixed prices.

You will note that the private elevators are only paying a premium of five-eighths of a cent for diversion for the privilege of mixing while the flour mills paid one cent per bushel for diversion in 1917.

This shows conclusively that the mixing elevators received the greatest benefit and only a few farmers received any benefit from the operation of the mixing house.

#### Premiums Paid for Volume Not Quality.

S. T. Smith in reply to Mr. Pitblado, 29/4-C.C. 33, said:—

"Q. Now is volume an important matter in your house?—A. Oh yes, it is the most important matter.

Q. Why do you say it is the most important matter? Some people say mixing is.—A. Well, I have always believed in keeping a thing running to its utmost capacity. With the overhead charges you have to pay, anyway, all you get beyond the minimum to pay your expenses is, of course, increasingly profitable. The more you can get, the more volume you can put through, the more you make out of it; because there is a certain standing overhead that has to be carried anyway.

Q. And so you want volume?—A. Volume? Yes."

[Mr. C. B. Watts]



Mr. James Richardson, the head of the firm of James Richardson and Son, in reply to Mr. Pitblado on the 17th of April, B.17, said:—

Q. And then in that connection you or some one pointed out, I think you told me the volume was the main element in connection with handling of the private house. Is that so?—A. Yes, volume is the chief consideration, in my opinion, in operating any elevator.

Q. And for a private house you want the volume coming through?—A. You want the volume.

#### Pay No Premiums.

That the private elevators receive only a "trickle" of farmers' consigned wheat, as Mr. Pitblado says, shows that the amount of wheat for which the farmer receives a premium is a negligible quantity as the owners of the big private elevator companies claim they do not pay any premiums.

James Stewart, 14th of April, B.B. 8—said:

Well, that one cent premium I do not think should be taken as final, because I know as far as we are concerned ourselves, we will not pay one cent premium but let the other fellow have it because we could not make any more. Sometimes there are no premiums at all on certain grades.

Again, B.B. 9:—

Q. Would that fraction of a cent you had in mind be over and above the premium they pay to-day?—A. No fraction of a cent over the terminal elevators.

Again Mr. James Richardson on the 19th of April, A.A.1—

Q. And that you did not pay premiums for your wheat for mixing elevators?—A. No, we do not follow the practice. We do not advertise a premium for our house.

Again, A.A. 2—

Q. Would you say that the quantity that you pay premiums on compared to your total handling is a negligible quantity?—A. The quantity that we pay a premium on is negligible in so far as the bulk of our stuff is our own purchased grain.

#### Prices Regulated by Quality of Manitoba Wheat.

That prices in Liverpool of No. 1 Northern, except on rare occasions, governs the price paid the Western farmer, less all charges coming in between, was not disputed because the price in Canada is largely fixed by our exportable surplus.

That the price paid by the foreign buyer is regulated by the quality of the grain he received was clearly shown by the evidence of Mr. Stewart, who was put forward as the star witness representing the exporters, as James Richardson was star witness for the private elevator.

Mr. Stewart's evidence in chief as to this was very clear, 14th of April, B-9-said in part as follows:—

Those importing countries determine how much wheat containing the characteristics of our Canadian wheat is necessary for their blending purposes; they base their prices accordingly for modest quantities. Then as soon as the crop comes along in fair volume, the samples from the actual shipments from Fort William determine the prices. In other words, if say your One Northern, your Two Northern, your Three Northern—irrespective of what grade it carries, really that determines

[Mr. C. B. Watts.]

the price; that is irrespective of the grade which it may carry, its value by comparison with other wheats determines its value in the world's market.

*By the Chairman:*

Q. You are saying something very important. You are telling us what determines the price; it is not very often we get that sort of evidence. You say the samples of the actual shipments going forward from Fort William,—I want to make sure now; are you referring to the standard samples set up by Mr. Serls?—A. The actual shipments out.

In view of the evidence you have had here, I want to draw your attention to the sworn evidence of Mr. Stewart, who is one of the biggest exporters in Canada. I think Mr. Richardson, Mr. Stewart and Mr. Smith are the three largest in Canada. (Reads).

Then as soon as the crop comes along in fair volume the samples from the actual shipments from Fort William determine the prices. In other words, if say your One Northern, your Two Northern, your Three Northern, irrespective of what grade it carries, really that determines the price; that is irrespective of the grade which it may carry, its value by comparison with other wheats determines its value in the world's market.

*By the Chairman:*

Q. You are saying something very important. You are telling us what determines the price; it is not very often we get that sort of evidence. You say the samples of the actual shipments going forward from Fort William,—I want to make sure now; are you referring to the standard samples set up by Mr. Serls?—A. The actual shipments out.

Again B.10—

Q. They only have the standard samples of the year before?—A. The standard samples of the year before, but that is what I alluded to early, that they base for moderate quantities their price to us on the characteristics of the various grades of the previous year's crop.

I might say in explanation of that, that the early shipments which go forward are inspected on the previous year's standards, and that is what Mr. Stewart refers to here, where he says they set the prices for moderate quantities on what they had been getting the previous year; then, before they buy in large quantities they have to get the actual shipments of grain from Fort William; they have to get actual samples of the actual shipments from Fort William, then that is the best criterion they can have of what they are going to get, and it really determines the price which the producer gets from the Canadian crop, irrespective of whether it is mixed or goes forward in his straight grades.

There is Mr. Stewart's answer to the Chairman at that time.

*By Mr. Ross (Moose Jaw):*

Q. On that point, what is meant there is that the actual samples of cargoes arriving in Liverpool are what the European buyer bases his price on for each of their grades?—A. Yes, the moderate quantities he buys, he knows what the quality is, and he bases his price for the future. (Reads).

“Q. So that the standard samples have not much to do with the price?—A. The standard samples are a protection to the importer that the qualities go out from Fort William; the actual shipment cannot be below those standard samples.

[Mr. C. B. Watts]

Q. In that case you do not agree then,—it does not matter what sort of grain is sent over; as long as the minimum requirements of the law are there the price will be the same. That theory is not true according to your experience?—A. Well, I am no good at theorizing. I am giving the actual facts.

Again at 15/4 B.B. 15,—

Q. For milling purposes, is it worth several cents less than One Northern?—A. Yes.

Q. Pardon?—A. The milling value of wheat is the final determining factor.

Q. And that shows that No. 3 Northern is worth several cents a bushel less than One Northern?—A. Yes.

Private Elevators Reduce Selling Prices.

Mr. J. Stewart on the 14th of April, B.B. 12, said, in reply to Commissioner Rutherford:—

Q. Well, that goes further, that is a case of the elevator being able to get the volume in that way, and in that way able to make larger profits? —A. Not larger profits. As was established in our own investigation, they are only making a profit as I understand of about seven per cent on their own investment.

If private elevators only make seven per cent with all the advantages they have of mixing, et cetera, while even the government elevators at Port Arthur, although only a "junk house" was able to make 19.59 per cent average for three years. See Summary, Folio A6.

There is only one conclusion, that the Commissioners can come to and that is that the wheat out of private elevators is sold at a lower price than the same grades out of the public houses.

And why not? Their mixed wheat does not cost them as much as the straight grade wheat in public elevators costs the owners, and by selling it for a little less, they can make a quick turnover and get the volume which they all agree is the most important factor in running an elevator profitably.

The private elevators certainly get the volume, as it is claimed they handled about half the wheat which goes through the terminal elevators and their total capacity 1923-24 was only 21,325,000 bushels against public capacity —37,525,000 bushels. They should have made far larger profits if they did not sell their grain cheaper and so reduce the prices of the straight grades which is undoubtedly what actually occurred, taking Mr. Stewart's statement of only seven per cent return on their investment as correct."

*By Mr. Vallance:*

Q. Are these your remarks?—A. They are the remarks of Chairman Turgeon.

Q. I notice you give a number of extracts from different witnesses there; are these opinions that you are offering now embodied in the conclusions of the Turgeon report?—A. I cannot say how much they are embodied in the report. This is my submission to him.

Q. You had the report?—A. I had the report, some years ago.

Q. You saw the conclusions?—A. I saw the conclusions, yes sir.

Q. Did the conclusions bear out all the opinions you have given in the extract that you have given the Committee, and that you wish them to take in?—A. I think if the work of this Committee had not been upset at almost the last session of the Committee, when they prepared the 1925 report, we would not have the present conditions at all existing. But what happened, as I was

[Mr. C. B. Watts.]



told at the time, was this: That the Winnipeg grain men, and Mr. Pitblado who had been in attendance down here for about a month, thought they could lay it over till a certain date, just at the conclusion of the Agricultural Committee, and when they did meet to take up these points with the Winnipeg grain men in which they were vitally interested, they drummed up a lot of members in this Committee, members from Ontario and Quebec who had not been in attendance at all, and they were able to bring in the amendments that the Winnipeg grain men wanted and overcome the amendments which were embodied by the government on the basis of the Turgeon Commission Report—

Q. Mr. Watts, you are now saying that several meetings took place apart altogether from the public meetings, at which men were able to make representations, not in public meeting, and that that influenced the Commission in making their report.—A. Not the Commission, sir. I say the committee here.

Q. And that they then influenced that Committee. But that has nothing to do with the Turgeon report. What I mean is, these extracts that you read, bearing out your point of view, were they embodied in the Turgeon report, in their conclusions?—A. They are all embodied in the evidence presented in the Turgeon report.

Q. And the conclusions drawn by the report did not give effect—A. I say if it had not been for what happened here in this Committee, if it had not been upset, in the way I have just related, I believe that the Turgeon report would have rectified these troubles very largely.

Q. Do you not see, Mr. Watts, that you have got a public body, a commission, with a very eminent judge sitting at the head of it, a commission that makes a report on the evidence submitted, and these conclusions you say were not justified by the evidence given before the commission; is that it?—A. No, sir. I say the conclusions were justified, but they were not put in the Act on account of the action of this Committee, unfortunately, or rather the action of the Senate was really what upset it, because it was afterwards amended in the House—

*By Hon. Mr. Stewart:*

Q. That is all past history. All of your evidence this morning has been to demonstrate that mixing should be prohibited?—A. Absolutely.

Q. And to the extent to which you say it was embodied in the Turgeon report you are correct, if the report suggested—which it did—that mixing be abolished. Of course, Parliament in its wisdom did not go that length, and did not abolish mixing.—A. The Turgeon report did not forbid mixing in so many words. But you had the evidence of the representatives of the three pools, the Saskatchewan pool, the Manitoba pool, and the Alberta pool, who appeared before you, and they said, "Here we have unanimously agreed on certain things and we are only presenting to you what we have unanimously agreed on." Now, they had not unanimously agreed that mixing should be stopped. They said, "We cannot agree to that this year; we may come back to you next year and ask that it be stopped, but what we propose to-day is that you put up a standard for shipping out which, we think, will eliminate most of it, and it may be that we will come to you next year and ask you to stop mixing." If they are going to come back next year and ask you to stop mixing then you had infinitely better do it to-day when it is an evil. I am just presenting to you here evidence from the men who are actually doing it, Richardson, Stewart and these other men, evidence bearing on the evidence that you have had before you during the last several weeks. This is sworn evidence given under oath, and under the cross-examination of Mr. Pitblado, one of the sharpest lawyers in the west.

The next question we deal with is the question of surplus or overages in public elevators. While the mixing houses rob both the producers and the millers by their operations, the public elevators rob the millers and accumulate surpluses

of grain they do not own, the evidence shows, by not cleaning out all the dockage called for by the inspection certificate and by trickling in feed and other low grade wheat into the higher grades.

That the dockage was not all taken out was shown by the evidence of the Washburn Crosby at Buffalo 9th, of October D-1, Mr. Kennedy:

This wire to-day is somewhat of a coincidence. We have the Steamer *Grand Island* afloat and it is three northern, and our Inspector Endersby called survey on it for dockage.

That is a wire that they got at Buffalo the day we were there from their inspector at Fort William. This is what the Chairman, Mr. Justice Turgeon, said:

*By the Chairman:*

Q. At Fort William?—A. At Fort William, yes. I have just got a wire from Bawli here now. We got one per cent on it. An exporter would not have done that, and that would have gone straight through Buffalo as 3 Northern with no dockage and would reach the seaboard the same. We actually get 3 Northern with one per cent dockage because of the expense we go to to maintain an inspector of our own there.

*By Commissioner MacGibbon:*

Q. You find it a paying proposition to have your inspector up there?  
A. Oh, yes. He is a fine man, personally and in business.

*By Commissioner Rutherford:*

Q. The poor man on the other side would have no recourse?—A. No. Where we are concerned we can put the blame flatly on Fort William if there is any blame, but if an English importer buys that, he is at sea; he cannot see whether the trouble was at the seaboard, at Buffalo, or at Fort William. They can all pass the buck, except in the case of wheat that is not grown in Canada, which I understand happens very rarely.

*By Commissioner MacGibbon:*

Q. What did that one per cent mean to you?—A. In this particular case there were only 50,000 bushels. It meant 500 bushels, at one per cent. The 3 Northern c.i.f. Buffalo to-day is worth about \$1, so it is \$500 of a saving in that particular case alone.

*By Commissioner Rutherford:*

Q. The effect in your ultimate market would be that you would be told, 'You are giving 14 per cent moisture, and we will have to bid down on your wheat; otherwise we cannot mill it profitably'. D-18.—  
A. Yes. The price would be set on the Canadian Standard, but the man that did it would be ahead a great deal of money.

Q. This year it is coming in light in water?—A. Very dry.

Q. Yes, 11 to 12 per cent.—A. We had one cargo 10·75.

Q. You could make a lot of money adding water to that.

D-19.

THE CHAIRMAN: Our object is to try and find out whether the grading has any vicious practices that ought to be stopped, and that is the kind of thing you are giving us.

COMMISSIONER RUTHERFORD: And if you get it where there is an inspector, what may not somebody else get who has not got an inspector?

THE CHAIRMAN: He may be getting it regularly.

[Mr. C. B. Watts.]

*By Hon. Mr. Stewart:*

Q. Mr. Watts, before you leave that, that one per cent was granted on an appeal, of course?—A. Yes.

Q. The Board of Appeal granted the one per cent?—A. Yes, on re-inspection, you see.

*By Mr. Millar:*

Q. How would it be in the case of those you represent, the small millers; would they have any redress?—A. Oh, no. We never have an inspector. As far as we are concerned, Fort William is final.

*By Hon. Mr. Stewart:*

Q. Yes, but that is hardly fair. You have the right of appeal the same as the Washburn-Crosby people?—A. Yes.

Q. You can have your cargoes reinspected on appeal, if you so desire; if you appeal, samples are kept. I do not think that that is a fair statement for you to make to this Committee?—A. I will explain, if you will. The small millers have the right to appeal the same as anybody else. They ship in large cargoes, from 40,000 to 50,000 and 60,000 bushels, into hold, to Midland or Goderich or anywhere else. It is put in the elevators there, and the small miller gets it, possibly in 1, 2 or 3 cars, and he has got to take that wheat as it is shipped from the elevator. If it has a little more dirt in it than he thinks it ought to have, he complains. He may make a claim on the elevator, and the elevator might think that perhaps there is a little more dirt in it in one corner of the bin in shipping it out, and perhaps as a matter of grace he may make an allowance of a cent, or half a cent, or one and a half cents, if it is very bad. But as far as any actual appeal goes it is impossible, because Mr. Fraser, or Mr. Serls, whoever it may be, will say, "Well, here is our sample and that is all right—"

Q. I object to that answer, too, Mr. Watts. You have exactly the same right, and the same privilege as the Washburn-Crosby people have at Buffalo. In so far as the cargo is concerned you have the same right, and it is not fair to say that Mr. Fraser, or an inspector, would refuse to grant you an appeal on that cargo. But if you split the car up and you make an appeal on a carload of it, that is an altogether different matter. The impression is conveyed that because the Ontario millers are buying in small quantities they have not the same rights as the others. They have if they take it at the same point.—A. My small millers are not in a position to buy 50,000 bushels at a lick and take delivery of it at Goderich.

Q. But, Mr. Watts, you will agree that if you are splitting the cargoes that are inspected at Fort William it is an altogether different matter, but you have the same right of appeal as anyone else has on a cargo. However, if you are splitting the cargo up, and a car reaches a mill, say at Renfrew, and it is dirty or it has a larger percentage of dirt than the vendor has agreed to furnish, then you have the right against him. You certainly could not expect to get reinspection or an appeal on that carload of grain if it had been diverted in that manner. You have the same right as the milling people if you take the steps at the proper time?—A. Anybody has the same right, equal rights, but if that thing had been properly cleaned up there would have been no need of appeal for anybody.

*By Mr. Brown:*

Q. That is not the point.—A. There was that damage found in wheat shipped from Fort William that had not been properly cleaned out. That comes to our small mills here in Ontario the same as it goes to the mills overseas, and they pay for that damage and that dirt, and it accordingly reduces the price to the farmer.

[Mr. C. B. Watts.]



Q. You have drawn the distinction between the big milling company in the United States that can make an appeal, and the small milling company, whatever it is, that brings a cargo to one of the many ports in Ontario. Now, Mr. Stewart I think has very properly pointed out that up to that point the two cargoes are in exactly the same position; one has the same right as the other.—A. I never denied the right.

Q. Well, has the same privilege, and the same opportunity?—A. The big mills, yes.

Q. Yes, but the big mill has no greater opportunity than the party who may be bringing that cargo to an Ontario lake port. That is the point. Now, it is perfectly true that after it is split up into earloads they cannot exercise the same right, but up to that point, before the cargo is split, the two are on exactly the same footing?—A. Absolutely. The Maple Leaf Milling Company at Port Colborne has exactly the same right and privilege, and the same opportunity as the Washburn-Crosby people at Buffalo. There is no question about that in the world. But the complaint of the Ontario miller is this, sir: they had a case in point. The very day the Royal Commission was sitting there they had a wire that 50,000 bushels were shipped to them, and it was found, on appeal, that that shipment was damaged, and they got \$500 for that. Now, the small millers scattered throughout Ontario here, and the mills in Great Britain, do not have that. I want you to remember this point, that the men who ship this wheat to Goderich and Midland and these points are the very men that put it through these elevators at Fort William. Do you think that Smith, or Richardson, or anybody else is going to appeal against their own grain? Not them.

*By Mr. Vallance:*

Q. It is their cargo then, Mr. Watts, until it is split up to the small mills, so that they cannot appeal, or would not appeal on their own grain?—A. Yes.

*By Mr. Donnelly:*

Q. And the only appeal that the small mill has is to the Lake of the Woods, or whatever company they may get the wheat from?—A. They have the same right but not the same opportunity.

*By Mr. Ross (Moose Jaw):*

Q. If it gets to the old country and is sold to the small miller there, he is in the same position because it is being sold on Canadian certificate?—A. He has got the same chance that the Buffalo miller has.

*By Mr. Brown:*

Q. On that point, has there been any difference in the amount of dockage that comes from the public terminals since the provision was put in the Act that the Government take over the excess of the overage, a quarter of one per cent? That was done with the thought in mind that it would check the tendency to underclean. Has there been any change since that was put in?—A. We have not had any opportunity of doing anything about that, because we do not know where our grain comes from, whether from public or private elevators. According to what the inspectors and other people tell us, why, it is only the poor grain that goes in the public elevators nowadays, so that I do not know that we would not be better off by getting it from the private elevators.

*By Mr. Millar:*

Q. With regard to this \$500, was that paid as a matter of grace, or was it paid because the Washburn-Crosby people had a legal right before the courts?—

[Mr. C. B. Watts.]

A. They had to pay it because they were obliged to. As a matter of fact, if it had come down to the legal point, the Washburn-Crosby people would have been able to refuse the whole car if they had wanted to, but they were well satisfied to take the \$500.

*By Mr. Donnelly:*

Q. Right to-day are the small mills getting wheat just as dirty as they did before, or is it cleaner now? Is it in the same condition as in years past?—A. As a matter of fact, I think our grain is cleaner, as far as dirt is concerned, but the milling quality is not as good. The mills would be better off with perhaps a little more dirt and better quality in the grain.

*By Hon. Mr. Stewart:*

Q. You mean that the grade standard is not as high as it was formerly?—A. It is quality that the mills are after.

Q. I mean, are they not supplying as good grain for milling purposes within the grade as they did formerly?—A. Getting as good within the grade?

Q. Yes?—A. As in other years?

Q. Yes?—A. Oh, well, of course, that is a very difficult question to answer because the whole of our quality of our wheat has been deteriorating for years back. I remember this, I remember the day when I could buy wheat that was nothing but No. 1 hard.

Q. That is not the point. You say you are not objecting now to the dirt, that it is cleaner than formerly; therefore, there is no objection on your part, but that the standard within the grade itself is not as good as in former years?—A. Oh, no. It varies, of course, from year to year because of climatic conditions. Some years, for instance, the wheat will be very much stronger than others, that is, it has got more protein in it, and of a better quality. Another year it will perhaps have more moisture, and another year perhaps more green grain, and another year more frost. So you cannot compare it from year to year and talk of it as being better one year than another in that respect. But speaking generally, you can say the tops are deteriorating the last few years in No. 1 Northern.

*By Mr. Ross (Moose Jaw):*

Q. Is it your opinion that if mixing were stopped, and each grade binned by itself, you would get a higher quality of wheat to your mills than you do now?—A. Absolutely.

*By Mr. Millar:*

Q. In 1925, Mr. Watts, it was contended that you, as Secretary of the Dominion Millers' Association, purchased most of your wheat from a private elevator in preference to a public elevator. Was that true?—A. Yes. That is quite right. I have dealt with Smith, Murphy and Company for many, many years, because I found that they would give me lower prices than other people would; that is, they were willing to cut closer. But that does not make any difference, for this reason—

Q. Do you have any special arrangement with them?—A. Yes, I have special arrangements with them, and have had for several years. But there is this difference: if you are speaking about getting wheat out of a private elevator under the methods adopted by the Cleaning House Association at Fort William; you cannot tell whether you are going to get it out of a public house or a private house. I will give you that evidence later on, in just a minute or two, I think.

*By Mr. Vallance:*

Q. Representing the millers as you do, do you figure to-day that you are paying too much for the value of the wheat that you are getting?—A. No.

[Mr. C. B. Watts.]

Q. I am a producer of wheat, and it is rather difficult for me to understand just why you are here. Have you arrived at the conclusion that you are not getting value for what you are paying, for that amount of money, and that you think if we do certain things you will receive greater value for the money you pay?—A. I will answer that this way, and that is that the millers at Fort William and west do not have to buy any mixed wheat. More than that, they have the opportunity of skimming off the cream leaving nothing but the skimmed milk.

*By Mr. Donnelly:*

Q. Your contention is that the eastern miller is not put on the same footing as the western miller?—A. Yes, sir.

*By Mr. Brown:*

Q. When you made the reply you did, you were speaking purely for the eastern miller?—A. Certainly. I represent only the eastern millers.

*By Mr. Campbell:*

Q. You feel that you and the farmer are in the same class, that you suffer an injustice done you by the grain companies and the western millers?—A. Yes.

Q. Might I ask whether in your Association there are any millers who are also grain dealers? It is very hard to draw a distinction in the west between the grain companies and the grain millers, because men like Mr. Stewart, whom you have referred to, are in both ends of the trade?—A. I represent the smaller mills in the east here. They are, of course, in a superior position always. We recognize that, because they have got their elevators scattered all through the country, and they have a perfect right to do what they like with their own grain. But it is when we reach a public inspection that we say a distinction should be drawn. We want to get the wheat as the producer sells it, only clean, that is all. That is the way we want to get it.

*By Mr. Brown:*

Q. We want to get the highest price possible for what wheat we have got?—A. Surely, but that is not what you are getting to-day. That is the whole objection to the situation.

*By Mr. Donnelly:*

Q. What is the remedy, Mr. Watts?—A. I will give you that before we get through; I hope so anyway. I am sorry to take up so much time, gentlemen, but it seems to me you have got to thoroughly understand this situation from the ground up, and as I am able to give you sworn evidence on these points here, I think that is the best way to put it before you from the millers' standpoint. We are still on this gentlemen at Buffalo. I asked this question:—

Q. How would you think the quality of the grain that you get would compare with the grain that would probably go through here for export?

—A. That would only be my opinion, but I would say that we would perhaps get a little better; for this reason; our grain is known up there as grain that is coming to the Washburn-Crosby Company and is going to be milled immediately and will undoubtedly undergo a very rigid inspection. For that reason the elevator man would be less apt to tamper with that grain than he would to tamper with the grain for somebody in England that will not get it for a month perhaps and then cannot put his finger on the place where the blame lies, whether at Fort William, Buffalo or the seaboard.

[Mr. C. B. Watts.]



Mr. McCallum: BB-6-2.

Q. Can you tell us how much you have taken out since the close of navigation, that reclaimed wheat?—A. No, I can't say offhand how much we have had of that. It is quite a large quantity, though. It would be 50 or 60 thousand bushels.

Q. Can you tell us how much of this you have put in those boats since the opening of navigation till to-night?—A. Well, probably half of one per cent.

The CHAIRMAN: That is this reclaimed wheat?

Mr. WATTS: The reclaimed wheat. And in what grades it went?

The WITNESS: It is practically half of one per cent, and practically the only grades we have shipped have been 1-2 and 3.

*By Mr. Watts:*

Q. So you have put a half of one per cent in those?—A. Roughly that, as near as we could estimate it.

The CHAIRMAN: Pardon me: I would like to know how far that answer reaches. Mr. McCallum has told us that in the last few years he has been making shipments out and put into those shipments of Nos. 1-2 and 3 Northern about half of one per cent of this reclaimed wheat?—A. Yes.

Q. Now, is that a good example of what you do all the year round, or is it not?—A. Yes, it is.

Mr. WOODS: That is in addition to whatever dockage that carries?

WITNESS: Yes. We have a sample there.

BB-13

Mr. WATTS: You do not clean cars that have no dockage on them?

The WITNESS: No, not in a public terminal.

Mr. WATTS: So do you run this half per cent, or whatever it may be of this into the wheat that had no dockage on?

WITNESS: We run it into all the wheat we ship.

The CHAIRMAN: That is to say, you run that sample?

Mr. WATTS: This reclaimed wheat is run into all the wheat you ship?

WITNESS: Yes.

(Reads) B.B. 17:—

THE CHAIRMAN: In addition to that, there always remains this, that one-half of one per cent of the charged dockage remains in, according to the evidence.

EXHIBIT B.—The result of these practices, is that surpluses shown by the Price Waterman reports, which show Exhibit B attached, that five public elevator companies operating for five years had a total surplus of 2,577,392 bushels having a cash value of \$2,575,706 which the elevator companies were allowed to keep although under the Act, they were not allowed to own any grain in the terminal elevators.

The value of the surplus figured out as follows:—

The Grand Trunk Pacific Elevator averaged \$171,710 a year, totalling \$858,549.

The Port Arthur Elevator totalled \$578,410, a yearly average of \$115,680.

I will not go into the details of how that is made up.

The Canadian Government Elevator was only operated four years and accumulated surpluses valued at \$524,325, or a yearly average of \$131,081.

This looks like pretty rich stealings in addition to the regular elevator charges, that they were authorized to make.

[Mr. C. B. Watts.]

Price Waterman's audit evidently alarmed the operators, as taking the same elevators operating the same length of time since the audit, their surpluses were only a little more than half their accumulation in the previous period, that is—891,837 bushels against 1,577,392 bushels.

Was this because they were supposed to give to the Government all the surpluses over one-quarter of one per cent on their turnover?

*By Mr. Brown:*

Q. That answers the question I asked, that there was probably less under-cleaned?—A. Yes.

Tough Wheat.

It was also shown that the tough wheat was mixed in without drying, only wheat grading damp or wet being put through the drying process.

Mr. Irwin, Manager of the Western Terminal Elevator, on the 23rd of April, A-4, in reply to a question of Mr. Woods, in part as follows:

Q. I am trying to get what I should put into the receipts of No. 1 Northern. I have got No. 1 Hard and I have got No. 1 Northern proper. Now there is Tough No. 1 Northern. Does that go in too?—A. No. 1 Northern, yes, sir.

Q. That goes into No. 1 Northern, does it?—A. Yes, sir.

Again A-8:—

Q. Where you put 107,000 odd bushels of tough grain into 2,117,000 bushels of straight grade, I suppose I am right in assuming that what you do is simply you put Tough in with this straight grade and allow natural absorption to evaporate. There is nothing specially done with that tough grain is there?—A. No, sir.

Again D.D. 10:—

Q. I understood you to put Tough No. 1 Northern into No. 1 Northern?—A. Yes.

Q. And Tough No. 2 Northern into No. 2 Northern?—A. Yes.

Q. How can you tell me that No. 1 Northern with tough wheat in it is as good as No. 1 Northern without any tough wheat in it as it comes into your house?—A. Our average does not carry over the maximum moisture.

D. 11:—

Q. Why is it made Tough No. 1 Northern?—A. Because carrying excessive moisture.

Q. And that means it has got what, more water in it?—A. I suppose so.

October 9, D-17—, Mr. Kennedy of Washburn Crosby, by Commissioner McGibbon:

It is a skin grade.

*By Commissioner Rutherford:*

Q. The effect in your ultimate market would be that you would be told, "You are giving fourteen per cent moisture and we will have to bid down on your wheat, otherwise we cannot mill it profitably?"—A. Yes.

Saskatchewan Private Elevator No. 2 Exhibit, D-1 and D-2 attached.

In this connection I desire to draw your attention to a compilation I have made hereto attached as Exhibit marked D1 and D2 of the Saskatchewan Co-

[Mr. C. B. Watts.]

Operative Elevator Company, No. 2, Annual returns, showing that in 1921-22 they shipped 680,061 bushels more No. 2 Northern than they took in and 108,383 bushels No. 3 Northern more than they took in.

I will not deal with that because I will give you that in connection with to-day's.

Here is something in reference to cleaning in private elevators:

Surplus or Overages—Private Elevators.

These do not occur in private elevators in the same way as in the public elevators as there is no official annual weigh-up by government weighmen. The above statements D1 and D2 show however that in 1921-22 that Saskatchewan Co-Operative Elevator No. 2 shipped 16,447 bushels more than it took in and in 1922-23, they had a surplus of 40,240 bushels showing a total net gain of 56,687 bushels in the two years.

No strong proof could be given than this is, that the dockage allowed by the Inspection Department is ample to clean the wheat thoroughly as one of the claims made on behalf of private elevators, was that they were able to improve the grades of the wheat by cleaning but here you have a gain not only in the grades, the overshipments in 1922-23 alone being 1,764,000 bushels No. 1 Northern, but actually show a gain or surplus of nearly sixty thousand bushels of wheat in two years' operations as shown in Exhibit D2 hereto attached.

*By Mr. Brown:*

Q. That includes all shipments from the private elevators?—A. Yes, sir. that was the gain of No. 1 Northern.

Q. Was there a corresponding shortage of the other grades? I was not very sure whether your statement was that there was an over-shipment from the private elevators on all the wheat, or just on that higher grade?—A. That was just the No. 1 Northern. I will give you Richardson's Elevator.

This covers the years 1921-22, 1922-23 combined and show that in two years this elevator shipped out 2,143,000 bushels more No. 1 Northern than it took in but as it shipped out 143,000 less No. 1 Hard than they took in (they pay the same price for No. 1 Hard as No. 1 Northern in the country), it means they shipped out two million bushels more No. 1 Northern than they took in of this grade.

This two million bushels was apparently made up in part of 123,000 bushels rejected No. 1 Northern and 538,000 bushels No. 2 Northern and 100,000 bushels rejected No. 2 Northern, leaving a total of apparently 1,209,000 bushels to be made up of No. 4 and lower grades.

There was also 195,000 bushels No. 3 Northern overshipped which would have to be made up from the lower grades.

The biggest factor in making up these over-shipments, would appear to be 300,000 bushels No. 4, 210,000 bushels No. 3 and 315,000 bushels Sprouted No. 3.

Dockage Set Correct.

In this connection, we note that Richardson's Elevator instead of having a surplus in these two years of over 50,000 as the Saskatchewan Co-Operative No. 2 had, D1 and D2, and over 58,000 bushels as the Mutual Elevator did in the same two years, see Exhibit G-1 and G-2, was actually short 1,800 bushels, indicating that they had cleaned out all the dockage allowed by the Inspection Department.

*By Hon. Mr. Stewart:*

Q. If I may request it, would you in dealing with the question of mixing, separate the increasing of the grades from the question of dockage, because you do not give us the out-turns. We had these in the Turgeon report, showing

[Mr. C. B. Watts.]



what grades actually went into the elevators and what the out-turn was. Here we are becoming confused as between dockage and mixing. —A. I see your point. I will deal now with the milling value.

No less an authority than Mr. James Stewart said, 15/4, BB. 15-2:

Q. For milling purposes is it, (No. 3 Northern) worth several cents less than No. 1 Northern?—A. Yes.

Q. Pardon?—A. The milling value of the wheat is the final determining factor.

Q. And that shows that No. 3 Northern is worth several cents a bushel less than No. 1 Northern?—A. Yes.

The above shows conclusively that while the private elevators may in appearance doctor up their mixtures so that it will get by the Inspector, that even if it is inspected on the same standard in appearance as the average No. 1 Northern out of public terminals, that the milling value for flouring purposes is not there, otherwise the wheat from private elevators would be eagerly sought after but such is not the case.

This is clearly shown by the submission of Mr. W. B. Wood, President of The Dominion Flour Mills, Montreal, on the 27th of October, B-18-19:—

I beg to hand you this brief memorandum reciting in a few words my very strong objections to the present practice of mixing wheat at Fort William, and indicating the disadvantages under which the millers in Eastern Canada are compelled to do their business.

I do not pretend to enter exhaustively into the question but speaking from a very long experience, I sincerely believe that the producers of wheat on the one hand and the Eastern millers on the other hand, are being practically robbed out of large sums of money annually by mixing houses.

B-23:—

*By the Chairman:*

Q. Do you find any difference in quality between wheat that you would get from a private elevator and wheat of the same grade from a public elevator?—A. Yes, we find much more reason to complain of the quality from private elevators.

Then Mr. Cornell, Secretary of the Canadian National Millers' Association, October 27, A-14:—

We have checked on three of the largest mills in Eastern Canada during the past few months, and on One, Two and Three Northern, the percentage of foreign matter amounts to as high as one and three quarters per cent.

Again, General Labelle, Vice President of the St. Lawrence Flour Mills, Montreal, complained, 27/10/23-C.6.—

*By Commissioner MacGibbon:*

Q. Has your mill attempted to buy wheat on the protein content?—No.

Q. How about No. 3? Do you find that that varies?—A. That is generally the grade that is worst off.

Q. That the kicking is on?—A. Yes. By boat we cannot trace that. We do not know what wheat we are getting in Montreal. By the cars I generally find that No. 3 is very often nothing but good No. 4.

Q. You feel that they should be defined in the same way as the other contract grades?—A. Yes.

Probably the strongest proof that the wheat out of private elevators is not of equal milling value as out of public elevators that can be offered you is that Dr. Magill, as Chairman of the Board of Grain Commissioners, agreed with Mr. Stewart as head of the Wheat Export Company that in buying wheat from the private elevators he might fix the price in his discretion four cents per bushel less than he had to pay the public elevators under the orders of the Board. Order of Board of Grain Supervisors, 1917, No. 5. copy hereto attached No. 1.

Surely, if the grain shipped by private elevators was equal in value to that from the public elevators, Dr. Magill would not be so remiss in his duties as Chairman of the Board of Grain Supervisors as to permit Mr. Stewart who had a monopoly in buying for the Allied Governments to take four cents per bushel off the price inspected wheat out of private elevators less than he paid for the same grain out of public elevators.

Nor is it conceivable that a man occupying the position that Mr. Stewart did at that time, would ask Dr. Magill to give him the right to pay private elevators four cents per bushel less than the public elevators unless he was convinced that the grain out of private elevators might be worth four cents per bushel less to his principals than out of public elevators.

The only further comment we have to make on this phase is the apparently remarkable conversion of Mr. Stewart to the view that wheat out of private elevators is as good as out of public elevators as voiced in his evidence when he becomes the owner of a private elevator himself.

We wish, however, to submit in this connection, written evidence which apparently speaks louder than words.

Exhibit H hereto attached:

On October 12, 1923, the Lake Shippers' Clearance Association as the documents supplied by them in accordance with the order of your Commission but which I was apparently prevented from filing by the objections of Mr. Pitblado, show that the Maple Leaf Milling Company of which Mr. Stewart is President, ordered 47,000 bushels No. 3 Northern, to be shipped on the Steamer *Nesbitt Grammer* with the following instructions. "Please do not load any private elevator grain."

*Note:*

Original copies supplied by Lake Shippers' Association attached to Justice Turgeon's copy of Mr. Watts' argument.

Here we have the biggest milling company in Canada with a mill of the largest capacity, situated east of the Great Lakes, making specific request so late as October, 1923. "Please do not load any private elevator grain."

These are Mr. Stewart's own instructions, given to the shippers; he was shipping to his own mill—do not forget that—at Port Colborne. He says, "Please do not load any private elevator grain."

*By Mr. Lucas:*

Q. That was in what year?—A. The date was given as October 12, 1923.

Q. Are the same conditions applicable to-day?—A. I beg your pardon?

Q. Are the same conditions applicable to-day; that was over five years ago?—A. I believe, as I said a few minutes ago, that the quality to-day from the private elevators is probably better than from the public elevators, because the public elevators are the garbage cans now.

*By Mr. Vallance:*

Q. It is now a quarter to one o'clock. You have quoted quite a great deal from the evidence given before the Turgeon Committee some six years ago; but does the same condition exist in the grain trade to-day, and if so, can you

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give us some concrete instances to prove to this Committee that the practice is continued, or that the practice is more vicious than it was in those days. I want to get a chance at you now, because you may not come again.—A. Certainly; I want to come before you again, because there is nothing more important to the milling interests in Canada and the milling interests abroad; (I am speaking of Eastern Canada now) than this question of inspection. I will say this, that as far as I can make out, the only difference is that what was illegal when I presented this evidence, is legal to-day, and I want to reach that stage.

*By Mr. Donnelly:*

Q. I think the Committee is very much interested in what you have read and in the evidence you have given, but I think they would appreciate it much more if you would boil your statements down and make them a little shorter, give us something of what you think exists at the present time, some of the conditions, and tell us exactly what you think should be done. We have had a lot of evidence and heard a lot of witnesses. If you can boil it down, and give us a little more concrete evidence, I think it would be appreciated by the Committee?—A. I do not want to weary you. I only want to give you what I believe will be of some value to you. I notice you have had some witnesses before you for as long as three days, and on the grain mixers' side, Mr. Gillespie was at three sessions.

Hon. Mr. STEWART: Mr. Watts, we want to find out everything you know.

Mr. ROSS (Moose Jaw): If it takes three or four sittings, I would like to see Mr. Watts stay. His evidence is as important as that of any of the witnesses we have had as yet.

Hon. Mr. MOTHERWELL: Yes. We are going to sit this afternoon and to-morrow. If so, we will let him take his own gait. They are afraid they will not get a knock at you, Mr. Watts.

Mr. VALLANCE: I want it to be understood that I was not trying to throttle Mr. Watts. I only wanted during the next fifteen minutes to question Mr. Watts in case we might not have the opportunity again. I may say I was prompted by the desire of some members of the Committee at the last sitting of the Committee that we cut down on some of the witnesses.

Hon. Mr. MOTHERWELL: Will the Committee sit this afternoon?

The CHAIRMAN: I may say that our experience with sitting in the afternoon has not been very satisfactory. It is hard to get a quorum.

Hon. Mr. STEWART: I do think, Mr. Chairman, that we should sit this afternoon. Mr. Watts is a very important witness, and we are very anxious to get all he knows. It is very important, and I think that if Mr. Watts is willing to come here this afternoon, the Committee should sit.

The CHAIRMAN: Will the members present now come back this afternoon? That is the point.

SOME MEMBERS: Hear! Hear!

The CHAIRMAN: We will meet again at four o'clock.

Mr. GARDINER: What is the Committee going to do with this interim report of the Saskatchewan Commission, Mr. Chairman.

The CHAIRMAN: It has only come in.

Mr. GARDINER: Will it be necessary to get an order from the House for this report to be considered by the Committee?

The CHAIRMAN: No, we are told to look into this grain question.

[Mr. C. B. Watts.]



Hon. Mr. MALCOLM: An order of the House is not necessary. Copies of the report were sent to you this morning by myself, so that you might have an opportunity of reading it. It just came in this morning.

The CHAIRMAN: This report we can consider under the order of reference we have.

Hon. Mr. MALCOLM: Mr. Chairman, I think you should consider the question of selecting a representative sub-committee to study the evidence as given to date, with a view to drafting a report eventually. I think it is hardly fair to the sub-committee which you will eventually select to ask them to do the whole reading of the evidence. They should be starting with the reading of it at the very earliest moment.

The CHAIRMAN: I think the idea of the Minister is a very good one, and if the Committee will allow me, I will submit a slate.

Mr. DONNELLY: I was going to suggest that the Chairman be given power to select a subcommittee to draft a report, or that the present subcommittee be given power to add to its numbers.

Hon. Mr. MALCOLM: I think it is a reasonable suggestion. I think the Committee should consist of ten or twelve members. They may not all be able to be present. Say four from Saskatchewan, three from Alberta, three from Manitoba, and two or three from Ontario. We have some members of the Conservative party on the Committee who are not from the West, and we will have to include them.

The CHAIRMAN: I will try to make the subcommittee a representative one.

Hon. Mr. MOTHERWELL: It is not the intention to start to draft a report until we have heard all the evidence?

The CHAIRMAN: No, merely start studying the evidence.

Hon. Mr. MALCOLM: The subcommittee should start to digest the evidence and pick the principal points out of it. If they do not start soon, they will have a great mass to digest.

The CHAIRMAN: I think that is a very good suggestion. I shall be glad to submit the names at the next meeting. We will meet here this afternoon at four o'clock.

The Witness retired.

The Committee adjourned until 4 o'clock P.M.

## AFTERNOON SESSION

The Committee resumed at 4 p.m., Mr. Glen, in the absence of Mr. Kay, in the chair.

C. B. WATTS recalled.

*By the Acting Chairman:*

Q. Will you proceed, Mr. Watts?—A. Mr. Chairman and gentlemen, when we adjourned I just had one clause more to read in connection with the Turgeon report, or rather the evidence submitted to them. That was in reference to private elevators. Mr. Stewart, the President of the Maple Leaf Milling Company also said in his evidence, given on the 16th of April: "Q. Do you blend wheat in your private elevators for the Maple Leaf Mills?" "A. No." I think you gentlemen do not require any further evidence as to the bad effect of

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mixing than that, Mr. Stewart being the President of the James Stewart Grain Company, as well as the President of the Maple Leaf Milling Company. He did not ship any mixed wheat to his Port Colborne mill from his private elevator.

*By Hon. Mr. Motherwell:*

Q. You mean he did not take his own medicine?—A. No, he was a doctor and did not want to take his own mixture.

Now, the question I wish to bring before you in the first place in connection with the foundation I have already laid is in connection with standards.

For a number of years the Standards of all the grades were set by both Boards, but in 1912 I think the selection on Standards for the Statutory grades, Nos. 1, 2 & 3 Northern, &c. was put into the hands of the Inspectors, I think because the representatives of the farmers interests of Winnipeg in those days were not so well posted on marketing conditions as they are to-day, and were inclined to advocate the making of the Standards for No. 1 Hard and No. 1 Northern grade, (which were the chief milling grades in those days) represent the crops of their own local district, rather than of the country as a whole.

The interests of the millers and farmers are really a unit, in that the millers want to buy their wheat as sold by the farmers, simply cleaned to grade.

As Mr. Wellbelove said in his evidence, page 135: "because the price is actually set on the flour values of the wheat."

The millers' representatives have worked in complete harmony with the representatives of the farmers, indeed to such an extent that a number of years ago the representatives of the grain men from Montreal refused to attend any more meetings of the Board, because they said "there was no use; the millers and the farmers' representatives had it their own way."

I have taken part in every Revision of the Canada Grain Act since 1892, and indeed most of the Revisions have arisen from representation made by the Dominion Millers' Ass'n to the Government.

*Special Grades:* In 1916 I stopped off at Minneapolis, en route to the Standard Board Meeting, as our crop was badly injured by rust, and I felt that the U.S. would be the best market for the Western farmer, as the Canadian Millers could only use a small percentage of the wheat which would grade below No. 3 northern.

After interviewing Messrs. Washburn, Crosby and Company, and other millers, I learned that while they would not use our Four, Five and Six that was frosted, (as it had been graded in previous years) they would use our rusted wheat in those grades if it were kept free from frost, as this wheat, while low in starch, would be high in protein, which they required for mixing with their lower protein wheats.

At the meeting of the Standards Board, with the support of the farmers' representatives, those special grades were established for the first time, and the result was that large quantities of those special grades were bought by the United States' mills that year.

The sole purpose of the Canada Grain Act, and all the machinery set up under it, is to enable the farmers to market their grain so as to procure the highest price possible, but this has been perverted ever since the private elevators usurped the functions of the hospital elevators, without the restrictions and disabilities to which the hospital elevators were subject. It is against this misuse of the functions of the Grain Act that our Association has vainly protested for many years.

The Dominion Millers' Association has always taken the ground that the certificate of inspection of grain by the Dominion Government should be like

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Dominion bank bills, above suspicion, as they are really a Government guarantee to the miller, whether in Eastern Canada or abroad, that the grain covered by the certificate is of the quality he is entitled to receive under the grade.

In practice the Government certificate is final as far as the Eastern miller is concerned, as it is only in very rare cases that a protest or appeal against the quality of wheat delivered can be successfully made, and it is final without appeal on sales to the British miller.

For a number of years a most extraordinary condition of affairs has existed, in that the quality of the wheat as purchased from the farmer is much superior to the same grade as sold to the miller, and the price paid to the farmer is based, not on the average quality he sells, but on the reduced market value of the degraded wheat as it is shipped out of the mixing houses.

A number of the members have received a pamphlet as I received one, as I am a member of the Winnipeg Grain Exchange, entitled "Marketing Canada's Wheat" by Prof. J. E. Boyle, of Cornell University, Ithaca, N.Y., published by the Winnipeg Grain Exchange. I reviewed this as representing the Dominion Millers' Association, and I have underlined certain of the terms used. That was done by myself, not by the Winnipeg Grain Exchange.

### No Mixing.

The millers I represent are unalterably opposed to mixing by private elevators,—reducing the high quality of the various grades as bought from the farmer, and lowering the quality of the flour which can be made from the higher grades of Manitoba wheat. We are not opposed to mixing except where it is injurious to the farmers as a whole. We recognize the right of the individual farmer to mix his own wheat any way he likes, either on his farm, or in his special bin at the country elevator, or a group of farmers in loading a car, and of the country elevator operator binning the wheat in his house according to the grades he pays the farmer for, as in all these cases the mixing takes place at the first handling of the farmers' grain.

The millers want to at least buy One, Two, Three Northern and No. 4 Manitoba wheat unmixed, just as the farmers sell it, only with the dockage cleaned out, and no selecting of the best qualities by the private elevators nor the Western mills.

These grades form probably seventy-five or eighty per cent—

*By Hon. Mr. Stewart:*

Q. You say you do not object to mixing by farmers in the local elevators. By that you mean mixing of each farmer's grain, one with the other, of the same grade?—A. Yes, I said in a special bin. A farmer hires a bin and puts his grain in there. If it does not grade, that is his loss, and if it does, he gains by it, he runs all the risk. Nobody makes any money there outside of the farmer.

Q. You do not mean to say that one farmer bringing in No. 2, and another bringing in No. 3 would be allowed to put those two grades in the same bin?—A. If those two farmers hired a bin of their own and put their grain there, they certainly could do it under the Act, and no one could object to it.

Q. Of the same grades?—A. No. It is their wheat. The way we look at that is simply this, that the farmer has his own wheat; if he choose to hire a special bin in a country elevator and arranges with another farmer to mix his grain, he takes that risk. If he makes money by it, it is to his benefit, and if he loses, that is his loss. They have that right, just the same as they have the right to throw it into the river if they want to.

Q. I am afraid you are too generous to the farmer?—A. No. We are looking after ourselves.

[Mr. C. B. Watts.]



*By Mr. Vallance:*

Q. That is, before your inspection is done it passes the primary inspection. There is no government inspection on it?—A. Absolutely.

Those grades form probably seventy-five or eighty per cent of the crop in a normal year, but we recognize that misfortune overtakes certain farmers, or certain sections of the country where mixing may minimize their loss, without reducing the price of the higher grade wheats to the great majority of the farmers.

If the proposal of Mr. Sproule to have mixing and selection stopped, and the off-grade wheat sent to hospital elevators was carried out, and the wheat out of a hospital elevator carried a special name and certificate, so it would not be binned with straight-grade wheat, which is what our association advocated years ago—then the farmers would receive the full value of the off-grade wheat or other poor quality of wheat they grew, and it would be handled to the best advantage by expert mixers in the Government or other elevators designated for that purpose, and would not, as now, result in reducing the price to the farmers of all the straight-grade grain they grow, and which does not require special treatment.

In other words, our proposal is simply this: that the Government elevator at Fort William shall be made a hospital elevator and receive all these off-grade grains instead of allowing all the elevators to take them in. I will amplify that in a minute or two.

*By Hon. Mr. Motherwell:*

Q. That would be bunching all the complaints against the Government elevators and getting them in wrong?—A. Even back in 1924, when that Royal Commission was sitting, that elevator was termed a junk house, and is now, and the four public elevators are termed junk houses, so you are not giving it any worse name than it has had for a long time back. I think it could be made to answer a very useful purpose. It is splendidly equipped for the handling of grain, or it was splendidly equipped for the handling of grain, and it is a place which could be made very useful. It was said in the past that it had nothing but feed, that it could make no earnings in volume, that nobody would put anything in there except what they do not want. Now you can make it earn, because if it takes in all this off-grade wheat, it will fill a place that is badly needed to-day.

Q. Do you think that is what the Saskatchewan Grain Commission had in mind when they advised the discontinuance of the elevator at Port Arthur as a place for the poor stuff?—A. I did not make that suggestion out there. I mentioned it to the Honourable Mr. Hamilton, when he was down here about two months ago. We have had this in mind for a long time, that it would be the solution of two difficulties.

Q. Suppose the government elevator at Port Arthur could not handle all these off-grades, what would you do?—A. I think it would be able to. I will give you an example right now, following it up a little bit.

Altogether too much importance has been given to the comparatively small quantity of wheat which requires special treatment, as shown by the fact that in 1926-27 the private elevators shipped out Straight-grade No. 1 Northern to No. 6, and Tough No. 1 Northern to No. 6, total of 139,693,054 bushels, apparently without any treatment other than cleaning it.

Of the balance, 8,239,932 bushels were damp. 1, 2, and 3 Northern and No. 4 wheat, which, after it was properly dried, could be sold for milling as dried of those grades, as could also approximately 4,130,000 bushels of sprouted and tough 2, 3 and 4 wheat.

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I have not put in this compilation anything below No. 4, because the Eastern mills do not use, except this year, anything much below No. 4. This year we are using a lot of Five and Six on account of the specially good quality of it.

This would only leave 215 grades, totalling 3,413,431 bushels which went into private elevators, as shown on pages 51 to 57 of Prof. Boyle's Report.

I think you did not have that market in Canadian wheat mentioned by Prof. Boyle. I have taken this because I recognize it as the defence of the Winnipeg Grain Exchange for mixing; I have taken their own figures and their own documents as the bases of my compilation. So that you will see that in 1926-27 there was only a little over three million bushels inspected in 215 grades. You can see that the Government elevator could easily handle that in a year, because it would be spread out over six or eight months of it. The tough wheat, the public elevators would handle that, in fact I am giving you figures directly which will show that.

In making this calculation I have not dealt with the Durum wheats, as they are not used for milling, of which there are 213 grades which the private elevators took in according to pages 56 and 61, nor the White Spring or Kota wheat, of which about 60 different grades were taken in by the private elevators, but they all could be utilized by the Hospital elevators in improving the quality of the other off-grade wheats which they take in.

I would propose to eliminate Kota entirely as a separate grade, and substitute for it "Garnet", as the total quantity of Kota grown is very small. I think less than 300,000 bushels, according to that report, and, as it is poor wheat for milling, should be discouraged anyway.

For convenience, I will refer to the various points as they arise in Mr. Boyle's Review:

Page 5. I may take my text from Prof. Boyle's remark, page 5 in reference to the natural difficulties of the Canadian Wheat farmer: *The channels of trade be kept open, and free from all trade abuses.* Our contention is that mixing as practised by the private elevators, is the greatest artificial handicap which the farmer has to face, in that it reduces the quality and prices of the milling grades of wheat. The farmer is paid the low price established by the minimum quality of mixed wheat for his high quality unmixed wheat, and mixing transfers money from the pockets of the farmer into the pockets of the private elevator owners for which he renders no service.

*Re Protein*, page 12: Mr. Boyle says, "The three simple chemical tests of wheat for making good flour, for making good bread are these: (1) The five proteins of the wheat of which one is called "gluten." Gluten is a gluey substance with power to stretch to distend without breaking. It gives the flour its "strength." The total crude protein in the wheat however does not show baking strength. It is the *quality of the gluten* which shows that. Good gluten has coherence and tenacity when subject to reasonable stretching force."

I wish to state here that our Association is absolutely opposed to making protein a base for inspection of Manitoba wheat, for several reasons: (1) Protein Content is not alone a true index of the value of the wheat. The protein content of the special 4, 5 and 6 was always high, because the rust reduced to the percentage of starch in the wheat, and made the protein percentage high, but the yield of flour low. (2) The quality of the protein is also an important factor. I remember one year when the new crop No. 1 and No 2 Northern, would not make good flour. The mills using these grades had many complaints from the bakers as soon as they exhausted their supply of old crop wheat for blending with the new. Along towards December some mills using No. 3 Northern, in place of the higher grades, found they had no trouble with their

flour. After considerable experimenting the chemists discovered that one of the elements, gliadin, or glutenin, was lacking in the gluten in the No. 1 and No. 2 Northern of that year. (3) Because the individual grower of high-protein wheat would never receive any premium for it, as it would be absolutely impossible to make a protein test of individual loads of wheat delivered by the farmers, which is the way that nearly the whole of the crops of our North-West are delivered.

I agree with Mr. Sproule's evidence, April 9, page 93, where he says, "No farmer receives a premium in the pool." Q. "Outside the Pool"?—A. "I never knew a farmer in my country receiving a premium" "We (The Pool) have received some very nice premiums on this grain. It goes back in the *final value for the wheat*, but it does not go back to the man who produces it."

(4) We are opposed to the skinning of the grades, whether by special binning for high protein for the benefit of the United States millers or Canadian miller, and we say that if all our wheat were binned together or within the grade, without any selection by mills or mixing houses, the resultant average sample will have as high a protein content as the crop will warrant, and will command a high price in the markets of the World.

*By Mr. Millar:*

Q. You are referring there, Mr. Watts, to a special certificate added to the present certificate, are you not? Your objections are based on that, or are objections to that proposal?

Mr. WATTS: I am objecting to the protein being made the basis of inspection because it cannot be made on the individual farmer's loads.

Q. Why not? The individual load or car load.—A. The individual load or car load.

Q. It can be made on the car load if it is specially binned, can it not?—A. But we are objecting to the special binning. Who are you going to benefit, the United States miller on the one hand, or the producer, on the other?

Mr. MILLAR: Your remarks in this evidence are directed to a plan such as is adopted in the United States, while the one we are considering here is entirely different, and your remarks do not apply to it at all.

Mr. VALLANCE: He is referring to special binning, and you are considering the general special binning.

Mr. MILLAR: I know. For instance, you say it would make it easier for the mills to take off the cream. That would be so with the plan adopted in the United States; but that is not the one we are considering here.

*By Mr. Ross (Moose Jaw):*

Q. Mr. Watts, how would you stop the millers getting the cream of the crop?—A. I will tell you how I would stop it. If you would adopt as the basis of the inspection the average of the grain as it passes Winnipeg, for wheat shipped in by line companies; and as to shipping in by milling companies, not shipped in by the farmers, lower the grade, you will soon prevent any skimming.

Q. Do you mean to say you would have a different basis for a mill shipping wheat?—A. Sure. If I was running a creamery in Ontario and I take in a lot of milk from the farmers in my territory, do you think I would be allowed to skim any of the cream and bring it down to a little under 3 per cent of cream, and then ship that out, throughout the country as whole milk? Why should the mills through the West be allowed to do that? Do you think the farmers would get the same price, as soon as that became known?

Q. I want a system of stopping it to-day. I understand that the mills buy the cream of the wheat and send back into the elevator what they do not want.

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—A. We had the same thing before the Royal Commission. Say the milling company ship down twenty cars of No. 1 to Kenora; their man goes in and tests the cars, and he picks out five or six of those cars and says that these are the cars they want. And the rest of it goes down to Fort William and is billed there under its original inspection as No. 1 Northern. Where wheat was forwarded from Kenora like that, before it is binned in the public elevator, and they would all be public elevators before I would get through with them, that would be inspected, and it would be tested to determine whether it had the average quality of the wheat that passed Winnipeg during the previous two weeks or whatever time you fixed. If it had not, it would drop a grade. Do you think any of those mills would take that risk? There is not a chance. Years ago, before 1890, anything which did not pass, dropped a whole grade. As soon as mixing started, that stopped.

*By Mr. Vallance:*

Q. This is a hypothetical case. What is to happen supposing you and Mr. Ross, and Mr. Stewart and I all owned terminal elevators. Mixing has been prohibited, and we get together and say that we will send the choice class of No. 1 wheat to you, we will send probably the average to Ross, and we will dump the minimum on Mr. Stewart and me. How are you going to overcome that? Would you suggest that we make an outturn from the terminals equal to the average to prevent that being done?—A. Sure. Like what was suggested by Mr. Sproule, I think it was, that in his opinion the outturn inspection ought to be the average past Winnipeg. That is not what the representative of the three pools say, but mind you that was their unanimous opinion. But when you came to get the individual expression of opinion of the various pools, you will find that they are against mixing.

*By Hon. Mr. Stewart:*

Q. Do you think the terminals can live up to the average as it passes Winnipeg?—A. If there was no skimming of the grades between Winnipeg and Fort William, there is no reason in the world why they should not. The Inspection Department is very careful in working the dockage out, and there is no question in the wide wide world but in the past at least, the private elevators have been able to clean the wheat up without losing that dockage, all the dockage. They have not had shortages.

*By Hon. Mr. Motherwell:*

Q. What was the standard for outgoing wheat from public terminals in the old days, say before 1912?—A. They were not allowed to mix the grades in binning, and they took the average from Winnipeg.

Q. They put it out as they took it in?—A. Absolutely.

*By Mr. Ross (Moose Jaw):*

Q. Do I understand that your scheme for preventing mixing provides a double test, one at Winnipeg and one at Fort William?—A. Yes.

Q. And the test for protein would be one of them?—A. That would be part of the test. In that case, you see, you have plenty of time to do it, and you are testing 1,400 or 1,500 bushels all at once, and the car is held out while that is being done.

Q. That is to say there would be two complete tests made, one at Winnipeg, and one at Fort William, and if the test at Fort William does not equal the test made at Winnipeg there has been some skimming?—A. That could only apply to wheat shipped from the mills, at Fort William, Kenora, or wherever they were.

[Mr. C. B. Watts.]

*By Mr. Millar:*

Q. You have placed your organization on record as being against the method of testing wheat on a protein content. Have you studied the evidence given before this Committee last year?—A. Yes, I studied it very carefully, and went over it very, very fully.

Q. I would like to know if you could tell the Committee what the proposal was. Will you just describe your interpretation of the proposal?—A. Broadly interpreted, the proposal was that there was a method by which protein content should be tested and that the wheat could be binned separately. Our objection to that is simply this, that the very minute you bin a high protein wheat separately from the bulk of the crop you are reducing all of the rest of the crop.

Mr. MILLAR: I guess that is like the rest of your evidence; you have not studied it very much. That is not the proposal at all.

The WITNESS: If you show me how you would prevent that I am open to conviction.

*By Mr. Donnelly:*

Q. You were speaking a while ago about the mixing of damp wheat with dry wheat. Can you tell me if you take a wheat with ten per cent moisture and another wheat with sixteen per cent moisture, would you have much trouble in running those through your rolls.—A. Yes. All wheat before being milled has to be tempered, either by heating or by adding water and letting it rest in the bin for the necessary time. If you added the amount of wheat which had thirteen per cent of moisture and mixed with it wheat with sixteen per cent moisture, the last would be mushy and you could not get the flour off the bran at all. That is exactly what takes place now, and I may as well say it, with the Garnet wheat. That is the difficulty that our mills have in grinding the Garnet wheat mixed in with the other. The Garnet wheat is a very hard wheat; it has a good protein content and a good flour content. The flour has a little yellow caste as compared with some other wheat, but that is not a very important matter as I do not think you or I could tell the difference.

All western wheat has to be tempered; you cannot grind it otherwise; otherwise the bran would get into the flour. So that all western wheat has to be tempered; and when you temper this year's wheat which has Garnet wheat in it, the Marquis and other wheats are soft compared with the Garnet; and the result of that is that if you temper your wheat sufficiently to make the Garnet to be properly tempered so that the bran will not break, the other wheats are too soft and it is impossible for those two wheats to be ground together. Either you will temper it too little or it will be tempered too much.

Our small mills in Ontario have had a great deal of trouble this year on account of their flour being specky, and we have come to the conclusion that the trouble is that they have not tempered the Garnet wheat enough. This year we have had to temper it as much as forty hours. When you temper Marquis wheat that long, it is too soft.

*By Mr. Ross (Moose Jaw):*

Q. Following up Dr. Donnelly's question, if those two wheats—one of 16 per cent moisture and one of 11 per cent moisture—are put together, would they ever have a uniform moisture content if held in a bin for any length of time, or would a certain mixture of wheat still stay a good deal higher in moisture content than the other?—A. The effect of mixing those two together is simply this, that the dry wheat will absorb from the exterior of the high moisture wheat the outside moisture; and the result is that an inspector, where that is done, may feel it with his hand, and on account of the outside moisture being

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absorbed he may not detect it, and yet the inside of that wheat has got 16 per cent of moisture in it, or approximately that. If you left those two wheats together long enough, and they did not go out of condition, they certainly would not contain the atmospheric moisture—

*By Mr. Donnelly:*

Q. How long would that be?—A. But I am afraid it would go rotten, certainly in warm weather it would, if you mixed them that way.

*By Hon. Mr. Motherwell:*

Q. Speaking of Garnet wheat, you know that as a result of the conference you were at, a quantity is being sent overseas, to be tried out carefully from angles, including that question of tempering, and if that difficulty is found to be there, as you describe it, then it would have to be kept separate. But I discussed that very fully last summer with Sir Henry Humphries, and he never raised that point of tempering at all. It was the question of colour, that is, from the Canadian standpoint. Over there they rather like it, that is, what they call the bloom. However, the whole question will be taken up very thoroughly with the United Kingdom millers, also the European millers, and when that is determined we will have to deal with it. But in the meantime they have not suggested anything about tempering.—A. I was very much interested in the report that was presented by the officials of the Agricultural Department that that wheat had a high gluten content—and Sir Henry Humphries' chemical tests are the same—and also that it was a good milling wheat outside of a little yellow cast in the flour. In connection with that yellow cast in the flour, where a mill wants to steal the trade of another mill they will pick out a high protein wheat and they will go to a baker and say, "Now, I can give you a high protein wheat that the other man cannot give you, and you can put a little more water in it and make a few more loaves of bread." He did exactly the same thing with flour. He will say, "If you take a loaf of my flour you will notice that it has got a nice white colour on it but the gluten in the Garnet wheat is good; the cast of the flour is a little yellow." Now, you can change that a great deal. If you bleach that flour, for instance, you remove the yellow cast, but as I said a few minutes ago, you would not know with a loaf of bread whether it had a yellow cast or a white cast, never in the wide, wide world. And in some parts of the old country they prefer it with a yellow bloom on it.

Q. It is practically all bleached, is it not?—A. Our flour is almost all bleached before it goes abroad.

*By Hon. Mr. Stewart:*

Q. Would you find any difficulty in milling the Garnet alone without blending?—A. Not at all. That is the reason why I am making this proposal to you. I believe from the evidence that was given by the Department of Agriculture there, that you have got a very large section of country in northern Manitoba and Saskatchewan, and very probably away up in the Peace River district, where, on account of its early maturing, the Garnet would be a very valuable wheat, and if it is kept separate—and you can do it if you stop the mixing, you cannot if you don't stop the mixing—but if you stop the mixing, I believe the proper way to handle that is to make a grade 1, 2 and 3 Northern Garnet in just the same way as you have No. 1, 2 and 3 Kota. I would wipe out the Kota altogether and substitute the Garnet, and you would have something that would be of great value to this country.

*By Mr. Vallance:*

Q. The farmers in the country to-day trade seed and buy seed. Many farmers are to-day growing seed and they do not know whether it is Marquis, Garnet, or Kota. Do you think it is possible to grow Garnet and Marquis and in



the local elevator be able to keep them apart, under present day conditions out there?—A. Of course, I am just going by the evidence which was submitted at the conference in the Hon. Mr. Motherwell's office; I am going by the explanation of his department, and by the big millers themselves. The evidence there was that there would be a very, very large increase in the quantity of Garnet wheat grown in certain districts, and that it was replacing the Marquis. We had evidence also before us where wheat was grown on the same farm, Marquis and Garnet, and the Marquis wheat graded away down—I think No. 6, or something like that—and the Garnet wheat graded No. 2.

Q. I know that that is the condition in the part of the country that I am farming in; that was the condition last year. We found that the local elevator operator was not segregating, and Garnet wheat that was grown there last year is going to be grown in larger volume this year. The difficulty in our community will be greater next year than it was last year?—A. Well, sir, if there was a grade for Garnet, and it was grown in any quantity, you would find it would be separated absolutely. Of course, if there is only a little grown it would happen, just the same as happens now. What I am looking at is the condition that is going to arise in connection with this coming crop. For instance, if you have a very much larger quantity of Garnet wheat grown and you mix it in with your present wheat, you are going to have trouble with your tempering, and you are going to lower the value of your present wheats, in my opinion.

HON. MR. MOTHERWELL: Well, we will find that out in the investigation this summer.

*By Mr. Vallance:*

Q. You made another statement there, Mr. Watts. You said that in previous years your millers here in the east had been taking nothing lower than No. 4, but this year you are buying 5 and 6? Why is it you are buying 5 and 6? What was peculiar about 5 and 6 this year that attracted the millers here in the east and caused them to buy it so readily?—A. I might say that I have not bought a car of No. 1 Northern this year. I bought very little No. 1 Northern last year. I have hardly bought any No. 2 Northern this year. The wheat I have bought has been No. 3 Northern and lower grades. Why? Because the premium price for No. 1 Northern was so high that the millers could not use it and do trade. Most of the smaller millers buy the Manitoba wheat for export business. For the local business they always buy the best grades of wheat. That is the way I bought the No. 1, generally, in former years, and No. 2 this year. But when I went up to the Standards Boards this year I knew our wheat was badly frosted. I did not know what the milling qualities of it were. In the first day, Dr. Birchard, brought in samples of bread before we had examined the wheat at all. He showed us bread made from the different grades of wheat. I at once recognized that this year the lower grades of wheat—5 and 6—had remarkable milling qualities, more than I had ever seen in my thirty-five years' experience. We did not do any examining of grain the first day except just to look at it. We did not attempt to set any standards at all the first morning, and when I went to lunch that day I went to Smith, Murphy and Company, whom I have done business with for many years, and I said to Mr. Smith, "That No. 6 is going to astonish you this year, you had better advise your people in New York, and abroad, just as quickly as you can, that our low grade wheat is going to be worth a lot of money. Tell them to get busy and buy it." He said, "All right," I said, "I will bring you down some samples when you get them set." We did not get those samples set until, I think, the next day. We worked that night as long as we could, but it was the next morning before we finally got them set. So I went to Dr. Birchard's office at noon that day, and I said, "Let me have those loaves of bread you showed us yesterday." I got them

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and took them down to Mr. Smith's office, and I said, "There is bread made out of No. 6, No. 5, No. 3 and No. 2, do you see anything wrong with that," and I took my knife and I cut a piece off and let him try it. It was No. 6. I said, "Is there anything wrong about that," and he said, "No." I said, "Get those standard samples down to your man in New York and have him cable right away what the conditions are.

*By Mr. Gardiner:*

Q. You gave that information out as a member of the Standards Board?—

A. Yes. As soon as the Standards Board had set the samples I gave out the information. I took the standards out and gave them to him.

Q. I understood you gave that information out before the standards were prepared?—A. Yes, but that had nothing to do with the grading of wheat, because the grades of wheat were not set till the next day. That was as far as the loaves of bread are concerned.

*By Mr. Millar:*

Q. The effect of that would be to have as much of the grain sold as possible, while it was still at a low price, that is, before the knowledge became general, would it not?—A. Yes, to a certain extent, no doubt about it in the world. I did not buy any till after that.

*By Mr. Vallance:*

Q. Mr. Watts, in your opinion, did the farmer get the relative value for his low grade wheat this year?—A. Early on he did not, because no one knew the value of it.

Q. For the simple reason that you gave the information out to your friends. It was a foregone conclusion that all that low grade wheat would be bought up before the value of it was established, as is usually done in other years?—A. No. Unfortunately, there is so much of it this year that the rise in price that was anticipated did not take place, only to a limited extent, and then it dropped back again.

*By Mr. Millar:*

Q. Yes, but a lot of sales were made before the price was set. You sent down that information for the purpose of encouraging people to buy great quantities of that wheat?—A. Yes.

Q. And the price would be low. The producer would be the loser by that information being distributed?—A. The producer?

Q. Yes.—A. No.

*By Mr. Vallance:*

Q. Mr. Watts, you said in the beginning of your evidence here to-day that you objected to the American miller skimming our wheat, or getting our high grade wheat; then you say you went around to Smith, Murphy and gave them information to wire to New York to buy something that you say should not be allowed?—A. To wire the old country. What? That No. 6 was worth a great deal more than it was last year. That was the information, to get them to buy the No. 6 wheat which we would not buy at all up to this year.

*By Mr. Millar:*

Q. Before the price went up———A. Just let me follow up what I was saying. I had not thought there would be any trouble in getting the wheat here. I could have taken out all of those loaves of bread,—so much wheat, and so on. I did not take them all, so I went down to Dr. Birchard's office, and I said, "I would like to get the details of those loaves of bread that you exhibited yester-

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day." This was after the inspection was over and after we had set the standards. I wanted to send them out to our mills. He said, "That will be all right." I went back later on and said, "You get that ready, and I will call in for them," and I went back and he said, "Mr. Watts, I am sorry but we are not allowed to give out any information here; you will have to take it up with the Board." I said, "All right." I knew Mr. Snow was there, and I think Mr. Robinson, and I went to their office and told them what I would like to get, and they said, "All right," that they would see Dr. Birchard about it. So they saw Dr. Birchard and I went back and Dr. Birchard said, "No, you will have to see Mr. Snow," so I went down again and saw them—I think the three commissioners were there at that time—and they said, "You know Dr. Tory of the Research Department has control of this and we will have to consult him and see about putting it out." I said, "You are giving it out to the Pool, I understand, as these tests are made; why can I not get this for my millers?" and they said that they would have to consult him again. To make a long story short that was on the 10th of October, and on the 20th of October I got a letter from the Board, after I had written them and wired them, sending me the results, and I sent it out on the 23rd of October to all of our millers. I mention that because I believe that the information regarding the value of your wheat should be given out the very minute you can to the public, so they can buy it. There is nothing gained by hiding anything about your wheat. If it is of poor quality it is better to have known that it is poor, and not have people buying it on the mistaken idea that it is good. On the other hand, if it has good qualities the sooner you let that be known the sooner you will get your value for the wheat, because in the long run the market value of that flour is what affects the producer.

*By Mr. Millar:*

Q. You mean that information be given out in an official way to the whole public at the same time? Is it not worth quite a bit by way of a scoop for certain companies to have that information a few days before the public get it?—A. As I understand it, it has been given out to the pool right along without being published to anybody else. I have no objection to the Pool having it, but I think the whole milling fraternity should have it at the same time.

*By Mr. Vallance:*

Q. You would not object to the Pool having the information so that they, as the selling agency for the producer, could say to the miller what to expect?—

A. Not a bit.

Q. And you would not expect a laboratory to come to the millers and say to them that the low grade of wheat which they had never been buying contained certain elements which they believed the millers should buy?—A. Sure; give the information to everybody. I have no objection in the wide, wide world to the Pool having it; it should have it, and should use it, but also let the millers have it so that they can use it to advantage. (Reading).

*Re Protein Map:*

I doubt if it was in the best interests of the settlement of our vast territory in the Northwest to publish a protein map, which apparently shows that high-protein wheat is not grown in most of Manitoba, nor in the Northern parts of Saskatchewan and Alberta, although it will facilitate the selection of the best qualities of wheat by the large milling companies and mixing houses. Mr. Wellbelove said in his evidence, page 152—, Q— "You think that the right of selection of cars by the mill should be prohibited"?—A. "Exactly." He had previously objected to the selection by the mixing houses.

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The most important result to the farmers in the sections of the map showing low protein is, that,—if you adopt a high-protein content as a basis for your grades, you run the danger of excluding all the wheat grown by farmers in these sections from the higher grades, whereas if no mixing were allowed, and all the cars of the same grades binned together, as Mr. Sproule said, Page 93—, “You see a bluff country grows what we call a starchy wheat. It is not a good milling wheat. The way that that wheat is made marketable is by blending your whole grade, which brings it up to an average protein content of 12.98 this year.”

*By Mr. Millar:*

Q. Why do you object to the protein maps being broadcasted?—A. For the very reason that it makes it easier for the western mills to select and buy their wheat in the high protein territory.

Q. When you get that information across to the farmers and they know what they are growing, it will make it easier for the millers? The effect of the information being broadcasted in the United States has been the reverse.—A. I am afraid we grow so much high protein wheat in this country, that the farmers cannot hold it back, and say, “I would not give you this or that.”

Mr. GARDINER: Then what are you kicking about?

*By Mr. Millar:*

Q. In regard to that; what percentage of protein is necessary in the value of wheat to make a satisfactory loaf?—A. Well, we make a satisfactory loaf out of each year's crop, whatever it may be.

Q. What is the percentage of protein?—A. It varies very much. Now, in 1925—

Q. I am asking you how much is required to make a satisfactory loaf, not the variation is years?—A. It depends on what you call a satisfactory loaf. If the people like a winter wheat flour the protein content is very low.

Q. How low?—A. Oh, it is down as low as 10 per cent or under.

Q. That will not make a satisfactory loaf for the markets we are selling to?—A. No, not for the markets abroad, nor the bakers' loaves. It depends on the gluten which, roughly speaking, is about 12 per cent.

Q. What was the average last year?—A. I cannot tell you that; it was low last year.

Q. Some years the whole crop does not average any higher than that, and some years it goes down to about 1 per cent and yet you say we have a surplus?—A. If your wheat is all blended together without taking out any high protein I say our wheat will be a satisfactory wheat to export, but if you skim off the best in a poor crop year, you will have a majority of your wheat below the average.

Q. If you blend it all together, where will the man come off who is growing fancy wheat?—A. Protein is an uncertain matter. As I pointed out, in 1916 when I went to Minneapolis, the reason these mills were prepared to buy 4, 5 and 6 was because of the high protein content, and no frost, but as far as the flour content was concerned, they would not buy it.

Mr. MILLAR: That does not answer me at all. You might as well go on with your statement.

WITNESS (Reading):

Thus by stopping the selecting and mixing, instead of condemning large sections of our prairie provinces as being unsuitable for the growing of good wheat, you are able to ship a high protein wheat from the whole of the western provinces if it is binned together without any selection either by mills, or private elevators.

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*Protein Values in the U.S.*—The high price of high protein wheats in the U.S. is due to the small percentage of high protein wheat available to fill the domestic demand for high protein flour there, and not to any demand for export, only a relatively small percentage of the U.S. wheat crop being sold for export, while in Canada about 75 per cent of our crop is exported.

This year the mills in the U.S. are paying a premium for low-protein hard winter wheats to make biscuit flour, on account of the short crops of soft winter wheat. For the same reason Ontario winter wheat has been selling as high as Manitoba Northern this year.

The second test, on page 12, that Prof. Boyle speaks of is "Acidity" He says "Acidity is low in choice flours. (2) Flour made from *unsound wheat* or wheat containing noticeable quantities of inseparable foreign material has a high acid content. (3) Ash: The more ash there is in wheat the less flour there is. A chemical test of wheat is not sufficient in itself to show the milling and baking qualities. Actual milling and baking tests must be made. For this reason chemical laboratories giving the amount of protein or ash in wheat are not final indications of the value of the wheat."

On page 13 he summarizes the discussion by saying, "The commercial value of wheat depends almost entirely upon its milling and baking qualities. Millers and bakers desire good quality and uniform quality."

Mr. MILLAR: I think, Mr. Chairman, we have all this information in pamphlet form. This is Professor Boyle's write-up on the Canadian grain trade. We have it all in pamphlet form, and I do not think we need very much of it read into the record.

WITNESS: Is anybody replying to Professor Boyle? That is what I was attempting to do, to reply to his advocacy of mixing, and to show that it is not a good thing. (Reads):—

Page 16: Prof. Boyle, quoting from the evidence of Mr. Dobell; western manager of Ogilvie Flour Mills Co., says Mr. Dobell testified; "That the 1923 crop came to the mill badly rusted; screenings were 60 per cent pure wheat, that is small shrivelled kernels, or broken kernels; he was forbidden by law to mix these mill screenings with bran and shorts, although they added greatly to the value of the food stuffs, consequently these screening are exported so mixed as food stuffs." Yet the evidence given by superintendents of private elevators proved that the screenings being cleaned out the wheat dribbled back into various grades from which the mills have to make flour for human consumption, although the mills are forbidden by law to grind them into bran and shorts.

Prof. Boyle, page 13, states further: "Two milling companies testified as follows: "We do not handle smutty wheat. Our agents have positive instructions not to allow smutty wheat to be taken into our elevators unless absolutely forced to do so, and then it must be handled specially binned and shipped to lake terminals." "On no account will our superintendents allow condemned wheat to be unloaded at our mills."

Yet I would ask you to note that the whole of pages 52, 53, 54 and most of 55 of Professor Boyle's report a total of 158 different grades under the above categories were taken into private elevators and practically 90 per cent of it disappeared, that is, was not shipped out the same grade as it was taken in, but shipped out apparently in straight-grade wheat.

They just had 158 grades taken in and apparently shipped out as straight grades in these private elevators, according to Professor Boyle's own report (reads):—

"This is where the unsound wheat, and wheat containing foreign material, gave acidity to the flour, reducing its value, and thus reducing the value of the wheat.

Again to quote from Prof. Boyle, page 18, he says "To pay a good price for wheat, the miller needs to have confidence *not only in the quality of the wheat*, but also in *its condition and its cleanness*. Cleanness means that the wheat is clean and *free from those noxious weed-seeds and grains which constitute "inseparable material" and which do injure either the appearance or the taste of the flour or both.*

Mr. Sproule in his evidence, April 9th, page 99, told you how this was done, when in describing the shipping out from the elevators at Fort William he said, "he might have tough, smutty, rejected, 2 or 3. He wants to get rid of it. It is running only a small stream, but in a few hours he will run a lot of it off. If there is sufficient latitude in the grade, it will allow him to dribble a considerable amount of it in his mix, and if it is running too thin he 'phones the operator to close off the bins." "Now I believe that in appearance the out-turn of the private elevators (I say in appearance) is a little better than the out-turn of the public."

Again on the same page, he says, "But when that grain comes out No. 3, out of a private elevator, it will have a percentage of smut, it will have a percentage of sprouts, and it may have a percentage of every disease that you could mention in grain, and the price, based upon that, is what we get for delivering virgin grain."

On page 24, referring to an analysis of No. 3 Northern wheat, 2 per cent dockage, Prof. Boyle says "Obviously if the consumer buying this virgin wheat just as it left the farm, he is getting a lot of material which is unfit for either human or animal consumption,"—and incidentally presents a strong argument for the separation of the weed-seeds from the grain at the time it is threshed, with which the writer has the greatest sympathy, and feels that in the interests of the farmers the Government would be justified in compelling threshing machine manufacturers to equip their machines with a weed-seed screen in the grain dock, just back of the cylinder, so the weed-seeds could be separated and destroyed before they are blown into straw stack."

*By Mr. Millar:*

Q. What are you reading from now?—A. I was the writer myself.

Q. You are making recommendations?—A. As far as that goes, yes; it was the Agricultural Committee.

On page 25, he says, "The fact must be born in mind, however, that much wheat leaving the farm has too much moisture for either storage or ocean transportation. Such wheat needs and receives at the terminals the proper conditioning. This was true of the 1927 crop.

But this was not true of the 1926 crop, as on page 51 he shows that over 41,000,000 bushels were shipped out as "tough wheat" and not dried, or bought by the mills either in Eastern Canada or abroad.

*By Hon. Mr. Motherwell:*

Q. Was that not due to the fact that the British miller preferred to get it that way, so that he could dry it to suit himself?—A. No, it was simply a

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market condition; there was such a huge quantity that the farmer could not dry it himself. Tough is a good milling wheat so long as it moves quickly enough and it does not get out of condition, all right, but as long as there is water in it there must be lower grades.

*By Hon. Mr. Malcolm:*

Q. Was that not the condition in 1926, or which resulted in 1927 in a great deal of drying equipment being put in?—A. Undoubtedly, there were that year forty-one million bushels of wheat put into the markets of the world, not dried or anything else. It was for the damp wheat that they had to put in the drying machinery.

Q. Do you consider that it was an advantage to put in the drying equipment?—A. It was necessary to put it in, for the damp wheat.

Q. Did a profit result from all this equipment?—A. The crop was benefited by the equipment put in for handling damp wheat, but not after they dried it, making it a straight grade.

*By Mr. Gardiner:*

Q. Forty-one million bushels were sent abroad without being tempered?—A. Yes. In the Old Country and in our mills here it was sent out without being tempered.

Q. Why the difference in the spread in the price if you did not have to temper it?—A. Because there was that much water in it.

Q. If we saved you the trouble, why should you not pay for it?—A. But by the time you get through grinding, the water is gone. It is like the Scotchman and his whiskey, he likes to drink his water separate.

MR. GARDINER: Yes.

WITNESS: (Reads):

Again to quote from Prof. Boyle, page 38: "There is no way to get a good price for a poor product. Even an expert mixing house cannot get more than the grain is worth. All it can hope to do is to put the wheat into the best possible condition, or put it so far as is scientifically possible into that quality class or cleanliness class *where the most can be realized for it*". Most realized for whom? Not the farmer, nor the miller, because both are injured by this process, but only the mixing elevator.

Page 39: *277 grades entirely eliminated by private elevators.* He says, "These low-grades are due to a few specific causes, most of which can be removed by the mixing houses. These causes are too much moisture, *too much heat*, other conditions, such as smut, or rotten kernels, or sprouted wheat."

Prof. Boyle is absolutely wrong when he says the following: "can be removed by the mixing houses."

Heated grains cannot be removed, nor rotten kernels, nor can smutty grains, although the smut may be partially rubbed off, except in the crease. The sprouts may be rubbed off the sprouted grains so as to conceal the fact that they are sprouted, and he mixed in with good grain, without detection of either the scoured smutty wheat or sprouted wheat by the Inspection Department, but the bread will show the damage.

On page 101 Mr. Sproule gives an example of 109,000 bushels inspected No. 3 Northern, altho' it did not contain a single bushel of straight 3 Northern, which was composed as below.

Now I have figured out for you the real value of this wheat based on the yearly avreage price of No. 3 Northern, which was \$1.35.2 or 11 cents under 1 Northern, and the prices of the various qualities of the wheat making up this shipment, as supplied by the Pool themselves.

The Pool claim that they paid several cents a bushel more to the farmers for these various off-grades than the private elevators did, but as this was a Pool shipment, I applied the Pool figures to it.

The shipment consisted of:

		Disc. under 3 Nor.
11,000 bushels	Tough, Rejected, Sprouted 3 Nor.. . . .	13 $\frac{1}{2}$ c
9,000 "	Damp, rejected 3 Nor.. . . .	14 $\frac{3}{4}$ c
8,000 "	Tough Red Durum.. . . .	7 $\frac{1}{2}$ c
6,000 "	Tough, rejected 3 Kota.. . . .	21 $\frac{1}{2}$ c
3,000 "	Feed Wheat.. . . .	44 $\frac{1}{2}$ c
300 "	Tough, smutty, 4 Kota.. . . .	27 c
12,000 "	No. 4 Kota.. . . .	17 $\frac{1}{2}$ c
25,000 "	Damp No. 4 Man.. . . .	18 c
1,200 "	No. 5 Man.. . . .	22 c
20,000 "	No. 3 Kota.. . . .	15 c
6,000 "	Durum Spring.. . . .	11 c
9,000 "	Feed Wheat.. . . .	44 $\frac{1}{2}$ c

Mr. Sproule said "The Feed Wheat was known as House Feed, a lot of good wheat goes over; also "the damp wheat was dried before being mixed in," so I have allowed in my calculation 6 cents a bushel for drying.

This figures out that in selling this wheat as straight 3 Northern the millers paid roughly \$15,811.00 or 14 $\frac{3}{4}$  cents a bushel more than the individual growers received for it.

*By Hon. Mr. Stewart:*

Q. What did they call that mess?—A. No. 3, sir.

Would not you gentlemen of the Committee like to go into a business where you could make money as easily as that? I know I would.

To put it another way: this lot of No. 3 Northern was actually worth for milling purposes 14 $\frac{3}{4}$  cents a bushel less than straight 3 Northern, as shipped by the farmers.

Does not this answer the question which Mr. Miller so vainly tried to get Mr. Gillespie to give a straight answer to?

Does any member of this Committee think that the English or Scotch millers are such fools that they would continue to pay the same price for No. 3 Northern in future, after they had ascertained from their bakers the poor quality of bread made by this 3 Northern?

While the buyer would be compelled to accept this wheat as No. 3 Northern, because it carried a Government certificate of No. 3 Northern (and over there the certificate is final) he uses the only remedy he has, that is, reduces the price down to the quality of the wheat he receives under that certificate.

When wheat composed as above, and shipped by the Pool themselves, goes forward to Eastern millers, or millers overseas, can you be surprised that your Government grading gets a bad name, and that they fix the value, which means the price of straight-grade wheat, at the minimum of the grade, or below it, as they certainly would be compelled to do by the value of the flour made from such a mixture.

Mr. Sproule said, page 102. In reply to Hon. Mr. Motherwell: Q. Would the smutty wheat be cleaned first?"—A. "No sir, they are using no cleaners at the present time."

You can see for yourselves the amount of money the mixing houses put in their own coffers, not—mind you,—even by the Pool into the pockets of the growers of the wheat, according to Mr. Sproule's evidence, and I ask you to fully realize that every dollar of this amount that they put in their own pockets is robbing the producer of that amount of money, in reducing the value of the straight grade No. 3 Northern wheat that the farmer grows, not only on this shipment, but it is impossible to say what incalculable harm it may have done on many future shipments.

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When No. 3 Northern wheat composed of above mixture, ranging from tough sprouted No. 3 to feed wheat, and containing not a single bushel of straight No. 3 wheat, can pass the Inspection Department in spite of all Mr. Syme's efforts to keep the private mixing houses at least up to the minimum of the grade, you gentlemen will realize how impossible it is to maintain the quality and high reputation which Manitoba wheat should have in the English markets, if expert grain mixers are to be permitted to pit their skill against the work of the Government Inspectors, no matter how conscientiously they are trying to do their duty and carry out the law.

When the Pool representatives put before you evidence of this kind in order to get the support of this Committee in stopping all mixing and selecting, they must be absolutely convinced that the mixing is injurious to their members, as well as the whole farming community, because they were making money for the Pool, altho' not for their individual members, by doing this mixing in their terminals, and I am glad to see they had the courage of their convictions, and told you what they were doing, and asked for assistance to put a stop to this grave injury to the good name of Canadian wheat abroad, and consequent reduction in the price it brings.

There is only one possible way in which you can protect the producer and that is absolutely to prohibit mixing and selection, and make such provisions in the Grain Act that if the elevators break the law they will not only receive no benefit from it, but be heavily penalized for their actions.

Now let us turn to page 51, and see exactly what happened to the wheat received by private elevators of the 1926-27 crop:—

No. 1 Northern gained over 4,000,000 bushels, or over 29%.  
 No. 2 Northern gained over 8,000,000 bushels, or equal to 25%.  
 No. 3 Northern gained over 11,000,000 bushels, or over 82%.  
 No. 4 Manitoba gained over 4,000,000 bushels, or nearly 75%.  
 A total gain of nearly 27,500,000 bushels from lower grades.

Where did the private elevators make these enormous gains in grades? It has been said that No. 1 Northern was such a high grade that no mixing could be done, yet there was a loss of 1,254,000 bushels of Tough No. 1 Northern at 7 cents gain, that is, it disappeared, was not shipped out as tough wheat, so it evidently went into 1 Northern and the balance made up of other lower grade wheats.

These gains were apparently made up of say:—

		Disct.
Tough 1 Nor., Tf. 2 Nor., Tf. 3 Nor., Tf. No. 4.. . . .	16,908,000 bus. at 7 c	\$1,183,560
Damp 1, 2, 3 Nor. & 4—allowing 6c. a bus. drying and loss	8,240,000 bus. at 8½c	700,400
Tough Rejected Sprouted 3 Nor. and 4 (page 55) . . . .	3,000,000 bus. at 8½c	255,000
		<hr/>
		\$2,138,960

Over 7¾ cents per bushel just for mixing the wheat, as I have allowed for the expense and loss in drying the damp wheat.

That is all. Professor Boyle's report covers that.

*By Mr. Millar:*

Q. I cannot stay quite to the end. I would like to make the request that Mr. Watts would place with the Committee, the names of the Milling Companies who are members of the Dominion Millers' Association.—A. I can give you the names of them. There are none of the big milling companies who are members. Our Association has been gradually killed out by the big milling companies and other conditions that surround milling in Ontario to-day. Freight rates form one of the big items, as well as other troubles, which they have to meet.

Q. May I add to that. Could you put on record with the Committee any resolutions which have been passed by your Association in regard to the protein method of grading wheat?—A. There has not been any passed by the Association.

[Mr. C. B. Watts.]



Q. They have not expressed themselves by resolution at all?—A. Not by resolution at all.

Q. Have they ever discussed it?—A. Oh yes. Not in Association, but just the individual members with the executive members.

Q. When you say "we are against it," do you mean yourself, or the organization?—A. The whole organization.

Q. But they have never thought it worth while to place themselves on record by way of resolution?—A. We never had any idea until just lately that there was any possibility of anything of that sort being done. We have been, among ourselves, against the practise of the big mills selecting wheat, and that you see was away back in 1924; but we never heard of anything like this until just recently.

Q. Can you remember any meeting of your Association where this matter has been discussed?—A. No, it has not been before the annual meeting or any special general meeting.

*By the Chairman:*

Q. Can you give the members the names of the members of your Association now?—A. Oh, no, I could not do that, I would have to send it to you.

The WITNESS: In reference to the Standards Board, there have been suggestions, and one of the questions asked, I think, of Mr. Gillespie, was as to doing away with the Standards Board. The question has been up at the meetings of the Standards Board more than once as to whether it would not be as well to have the inspectors set all the standards. But the feeling of the Board has been, as expressed I think by the members at various times, that the farmer members from different sections of the country like to be in a position to see the grades of wheat, and as far as the general conditions will allow to have it representative to a greater or less extent of the wheat coming from their section of the country. Then a great deal of good has been gained by the discussions which always take place among the members. I think for the cost of the Board that the country gains far more than any loss that is occasioned by the expense.

At the last meeting of the Board, a resolution was introduced and passed. I do not know whether it has yet reached the Agriculture Department or not. But there was a resolution made by some of the Western members that the delegates should be paid \$15 a day, I think it was, if I remember rightly. It was felt that these farmers and others were coming from different sections of the country, and giving their time and their experience for the benefit of all the rest of the farmers, and they did not see why they should do it without some return. The expenses have always been paid, but nothing for the members. As far as I am personally concerned I am paid by salary, so that it does not make any difference to me one way or the other. That is a part of what I am paid for in my salary. But the Chairman has come from Vancouver now for several years, and that is one of the propositions.

In connection with the suggestion of having a separate standard for the West, if you do have a separate standard, I feel that the same Board which sets the standards for Winnipeg should also set the other standards, so as to keep the continuity of conditions and value as nearly as you can for the crop in each case.

Also, if you adopt my suggestion of having a Government Elevator or other elevators alone to take in all these off-grade wheats, all the other elevators taking in straight grade wheats with tough and damp but otherwise all the other grades, then I think the same Board should set an out-going standard for the wheat from the Government elevator, and it should carry a special coloured certificate so that there should be no possibility of it being confused in any way, either in binning or in buying it under the grades. In that way I think you

would be able to handle the off-grade wheats to the very best advantage for the producer and without injury to the great majority of the producers who grow straight grade wheats.

Those are two or three suggestions I would make for the solution of this difficulty, but there should be no question at all about the stopping of the mixing. That I do not think there is any excuse for, in any way, shape or form; and it is certainly injurious to everybody except the mixer. There is only one method which will effectually stop mixing, and that is to take away all the incentive to mix. Now, in order to accomplish that, if my present suggestions are not adopted, and even if they are, any surplus of grades over what is taken in that is shipped out, the value of that should be forfeited to the government. In that way you would at once find that none of the elevators would do any mixing, if they had to hand over to the government what grain they would make by raising the grades.

To-day, in the public elevators, if a public elevator is short in a lower grade, then wheat is taken by the Board of Grain Commissioners and put from the higher grade into the lower grade, because they calculate that the elevator has put it up. Now in the same way, do that with all the elevators as to any surplus, and instead of their having, as in the case which has been mentioned, a gain of 4,000,000 bushels on No. 4 Northern more than they shipped in, the difference would go to the government. And in the same way in the surplus of wheat, instead of allowing them a quarter of one per cent, let them ship out what they take in and any overplus should go to the government. Why should the elevator be allowed one quarter of one per cent on a hundred million bushels? That is an awful lot of wheat, especially if they can ship out a lot of poor in place of some of that wheat. In that way you would remove all incentive to mixing, as well as all incentive to not taking all the dockage off, as set by the department. I think you have there a simple solution of the whole difficulty.

*By Hon. Mr. Motherwell:*

Q. What is the argument on behalf of the public elevators retaining one quarter of one per cent?—A. The reason, I understood, that the Board of Grain Commissioners allowed that one quarter of one per cent was that the elevators said: Well, the Inspection Department at Winnipeg is allowing us too little dockage. In order to bring the wheat up to grade we have got to take out more dockage at times than they allow us; and therefore, if you will allow us on that one quarter of one per cent we will have that to play on and we will not have to appeal against the Government inspectors at Winnipeg in giving us too little dockage. That was their argument. But if you notice on all reports which we were able to get under oath, except of James Richardson and Sons, they always had lots of balance.

Q. Would you provide penalties on the elevators on any given grade in which they shipped out more than they had taken in, rather than a fine?—A. I should have said in addition to that, that it was suggested to me by one of our members that they should have a fine as well; that they should have both, not only to prevent them doing it and forfeiting what they had over—they lost nothing—but if they had a good penalty on top of that, then they would lose something.

Q. And then if they do not clean down to the dockage, which also gives them some overages, you would also take that from them as well?—A. I would also take all that from them. I do not see any reason why they should have something which does not belong to them.

*By Mr. Donnelly:*

Q. Would you fine the company or the man who is running the elevator?—A. Well, it is really the company that gets the advantage. The man probably only does it because he is instructed to do it and he is carrying out his

[Mr. C. B. Watts.]

instructions. However, that might be a good suggestion that both the elevator and the operator should be fined. I would not think that the operator would receive any benefit from what was done; but the elevator company would receive the benefit from it, if they were able to get away with it.

*By Hon. Mr. Motherwell:*

Q. Have there ever been any fines imposed for violations of the Act?—A. I could not say as to that. I do not remember any, offhand.

Q. Are there any provided for in the Act? I presume they are supplied in the Act?—A. Oh, there are provisions.

*By Mr. Howden:*

Q. Would you state again your suggestions for preventing skimming?—A. I would prevent skimming either by the elevator companies or by the mills. We will take, for instance, what I think Mr. Sproule told you in reference to Saskatoon. He said there, I think it was the Robin Hood Milling Company bought wheat and they wanted to buy from special districts, and he said that they would not sell that way, that they had to take the run of the grade. He said, the mills could take in wheat, that they were not allowed to break the seals of any car till it was inspected, and if the seals were broken— as I understood him, I do not remember the clause in the Railway Act that prevents it—they pay the whole freight again. I hardly think that is correct, because at Fort William and points east I know we can forward the grain at a stop charge of one cent per one hundred pounds. But what I would say is this, that where any line companies systematically ship from any point below the average from that district, then at Fort William lower the grade, and where a mill, for instance, at Saskatoon, or any point like that, shipped wheat that either reached Winnipeg or Fort William that was not the average of the grade from that district then put it in the next grade lower, so as to stop the skimming of it.

*By Hon. Mr. Stewart:*

Q. Do you think that that would be practicable? I would not like to be the inspector for the community who would try to do it?—A. Well, if you noticed, sir, the representatives of the pool said that they thought these suggestions— I have just amplified them a little, I think they are really their suggestions as far as the evidence goes—they said they were prepared to work along that line.

Q. But just fancy what would happen. You as a miller go into that territory. Go to the local elevator, go to the farmer, and he loads his grain billed to you, and then because that was done the balance of the farmers in that community would have their grain degraded one point because of the fact that a dozen carloads, or two dozen carloads had gone out of a given community billed to you direct—A. I do not think so, sir. I think the wheat in the district would still average up fully to the grade as it passes Winnipeg.

Q. Yes, but your proposal is to degrade it because of the fact that the community has skimmed.—A. This is the worst difficulty I see, not the one you mention. Take the matter of protein that Mr. Millar was speaking about. There are certain sections of the country that are not so strong in protein, and that mixed with the grain from the other sections of the country would bring down the average at Winnipeg. Well, now, where a mill did that, taking a dozen cars out of one section, that would just have exactly the same effect. The standard at Winnipeg is reduced by the wheat from the poorer sections of the country. It is not the top by any means; it is a long way down.

Q. But your suggestion, as I get it—I may have a wrong impression of it—is, of course, that the elevators in that locality sell the top grades to some given



mill, thereby reducing the balance of the grain to the minimum practically, and your cure for that would be not to allow the minimum grade at Winnipeg coming from that given locality but to cut it down one grade, thereby penalizing innocent people?—A. Not cut them down one grade except if it went up to the average of that grade passing Winnipeg.

Q. But if it did not go up to the average?—A. Certainly cut it down. Then why should they bill out, to take and reduce the price to the other farmers in all that they produce, to benefit their own pockets for that one mill.

Q. I do not follow you at all there.

*By Mr. Ross (Moose Jaw):*

Q. Why not suggest that from any cars of grain that went to a mill, or hospital elevator, or mixing house in the country, the outturns were below the average?—A. That is what I did suggest, where it was shipped from the mill.

Q. But why take it out into the country if you keep track of the cars that go into the mills and go out of them.—A. You see, the billing would show where it was shipped from a mill, like the Robin Hood mill at Saskatoon, that was mentioned by Mr. Sproul, I think, and as soon as the car reached the Inspection Department at Winnipeg they would know at once what it was and they would examine it accordingly, not on the minimum of the grade as the farmer's wheat, but on the average of the grade as it passed there.

Q. Then in that case if the farmer shipped direct to a mill graded 3 Northern below the average of the grade when it gets to Winnipeg and the grade is cut; is the return to the farmer going to be on the 3 Northern certificate as it went to the mill, or on the 4 Northern certificate at Fort William?—A. If he sold to the mill, as far as he is concerned that ends it, because the mill has taken it; the farmer has not shipped it. The mill has bought that from him on sample; it has not bought it on grade.

Q. He might ship to the mill, in the case of Saskatoon you are speaking of, or take my own constituency, Moose Jaw; the car is shipped to the Robin Hood mills, or it might be shipped to the Quaker Oats people in Saskatoon. It is graded at the inspection point there, graded 3 Northern; goes into the mill. You see, if that car is simply graded at the mill, tested in their laboratory, and they do not want it, they turn it back into the trade, then you have got a certificate of 3 Northern at Moose Jaw under the Board of Grain Commissioners, and when it gets to Fort William it is given a certificate No. 4 Northern. Do you think you can make that stand up?—A. Sure. The miller bought from the farmer as No. 3.

Q. Yes, and he did not change it any?—A. No, and he did not change it any in that case, but he took that in there after he bought to skim it, and he found he could not skim, and therefore he sent it on.

Q. I can see your point all right, but I cannot see how you can make it work. He has a Government certificate on a carload of grain that says it is 3 Northern. If you called for a reinspection of the same car and it goes 3 Northern again then it is not changed, but after it has gone to the mill, it may never have been taken into the mill, may never be taken into their yards, but a sample is taken out of it and then put back into the ordinary channels of trade, and the certificate changed to No. 4; I cannot see how you can possibly make it stick?—A. That just depends on the standards you are using. If you adopt the proposal of the pool, or if you adopt a higher standard and ship it from Fort William, it is inspected passing Winnipeg—

Q. And by the same token I say you cannot make that stick?—A. It just depends on what the law says. If the law lays down a standard of shipping out, that is all there is to it.

[Mr. C. B. Watts.]

Q. Well, if I buy a carload of grain on government certificate and do not mix it with anything; do not change it in any way, that is the government grade on that car, and another government inspector takes that grain from me and says, "No, the grade is changed to a lower grade", I say that he cannot make that stand up in any court. You have been able to make it stick so far at Fort William for the simple reason that the mixer has been making money out of the game, and has been willing to allow you to make certain regulations, but take away his chances of making money on it and he will take you to court and beat you to it.—A. I have been on the Board of Appeal for a great many years, and time and again samples were brought before us graded by the inspectors, and we have put them up or put them down as we thought fit. Why? Because the law gives us the authority to do so. All you have to do is to make your law and it will be carried out.

Q. The mixer has been making money, as a general rule. On the odd occasion he loses on it, but take away from him the chance of making any money at all, then he will fight you to the last ditch.—A. You will have no trouble at all if you take away the incentive.

The witness retired.

The Committee adjourned till Tuesday, April 30, at 11 a.m.

HOUSE OF COMMONS,

Tuesday, April 30, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Kay, presiding.

WILLIAM F. SCHNAIDT, Marketing Expert, South Dakota State College, Extension Service, called.

The WITNESS: Gentlemen, I have no prepared address, and probably in order that you may be better able to evaluate the information I may have to give, it might be well to say that I am connected with the South Dakota State Agricultural College, particularly in the extension service. That is a department that does extension teaching, particularly with adults and people who have no opportunity to go to college.

My particular work is marketing, and I work not only in grain marketing but also in live-stock, and the marketing of other products. So you understand that I cannot be too much of an expert in any particular line.

Probably it might be well, in order to get a complete picture, or as complete a one as I can give, to take up the discussion under several heads, and if it is agreeable to you I shall first try to outline briefly our grain marketing system, then the development of the marketing of wheat on a protein basis in the United States, and then, particularly, the plan that we are using to reflect these premiums that are paid on the terminal markets to the country buyer back to the individual grower who produces the particular lot of high protein wheat which brought a premium on the market.

I presume that with much of what I am about to say you are familiar; in fact, I know you are, having glanced through the report of your last year's hearings briefly, and I take it that you gentlemen are all familiar with protein and why it is important, and so on. So I shall try not to wander off in that direction but confine my remarks more particularly to a discussion of the mechanics of the distribution of this premium, or the mechanics of the marketing.

In the United States our grain markets are somewhat different from what I understand your marketing system to be here, although in some respects very much the same. For instance, we have grain exchanges operated as a corporation, with membership usually comprised of those in the grain trade; that is, millers, the commission merchants and the dealers surrounding that particular market. They regulate the market and provide the rules under which trading is carried on. The outstanding thing that I can see wherein our market differs from yours, that is, our terminal market, is that we have a sample market for cash grain while you sell entirely on grades, as I understand it. The system that we use is somewhat like this: when a local elevator, or a country elevator sends in a carload of wheat to the terminal market, either the exchange itself, or the State of Minnesota, in the case of the Minnesota market, takes a sample of that wheat and inspects it, and puts on a grade. In the case of the Minnesota market, with which I am most familiar, we have three forces working in the market in a regulatory capacity. For instance, the first thing done is, a representative of the exchange will go out and draw a sample. Probably at the same time, or at some other time, a representative of the state of Minnesota Inspection Service goes out and draws a sample. The sample drawn by the Chamber of Commerce, or the Grain Exchange, goes

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on the table in the trading room. The sample drawn by the Inspection Service goes into their grading room where it is passed on by the inspector, and on this grade report notations are made of the chief grading factors, the test weight per bushel and the percentage of dockage and so forth. Dockage, by the way, is not a grading factor, but a notation is put on of any particular disqualification or condition that will grade that wheat down. For instance, wheat may be No. 1 Dark Northern, with a "smutty" notation. It does not get a different grade.

At the same time that this sample is being graded another branch of the Minnesota Inspection Service, or the Protein Laboratory runs a protein test on a portion of the sample. These two reports, the one from the Inspection Service and the other from the Protein Laboratory, go into the trading room, on to the sample drawn by the exchange. The original State sample is kept on file in the Inspection Service.

Just as a side light here—it probably will not come up again—I want to say this: in case a buyer is not satisfied with the grading that this wheat had received when he unloads it, he has the privilege of appealing. He may call for a reinspection from the state; he may appeal to the United States Government Inspection Service, that is, a representative of the United States Department of Agriculture. And quite a considerable percentage of appeals are made from the State Inspection Service. A great many of them are sustained; the original tests or gradings are sustained, but once in a while they are not. Just what the percentage of changes is I do not know. We can go still further. If a buyer was still dissatisfied with the inspection that he received from the local United States Inspection Service he can appeal to the Appeals Board, which is a board composed of three men located at Chicago. If he still thinks that, for some reason, accurate service has not been given, he can appeal to the Secretary of Agriculture. That, of course, would be very, very rare, and is never done except under exceptional circumstances.

The point of interest here is the inspection, or the testing of protein, by the Minnesota State Laboratory, conducted by the State of Minnesota, of all wheat that goes into the Minnesota, the Minneapolis or the Duluth markets; it is tested by the state for its protein content. At Sioux City, I understand, the testing is being done under the direction and supervision of the exchange, and I understand at Kansas City also. I might also state that in all our grades inspection service United States standard grades are applied, and inspectors must qualify under the direction of the United States Grain Inspection Service.

So, you see, we have a rather uniform grading system over the whole country as between the different markets, where the same standards are applied, and about the same standards from year to year. Our grades do not vary much from year to year; they are not supposed to. When they do, they are not grading it right.

Now, you understand the location of the mills at Minneapolis, and the proximity of the market to the lakes shipping district, and also at Duluth. What I have said for the Minneapolis market applies also to the Duluth market.

Most of our wheat, you will understand, goes for home consumption. In the spring wheat area, which comprises the states of Montana, North Dakota, South Dakota, and Minnesota, we grow varieties of wheat similar to those that you grow in Canada. Marquis is our main variety, although we are constantly introducing new varieties. Some of them are being tried out, and some are simply promotion propositions.

From the standpoint of protein premiums, as I see it, and in so far as I am familiar with the history, the reason we have a protein premium at all is because we have a tariff. You Canadians cannot ship your wheat down there and sup-

[Mr. W. F. Schnaidt.]

ply the protein which our millers require in order to prepare and manufacture the flour that our bakers want and insist on having. That is the keynote of the case. Probably high protein spring wheat, ordinarily, is the only wheat on which our farmers in the United States could benefit from the tariff. There may be other instances, but if there are I am not aware of them.

During recent years, particularly since the war, there has been a development in the United States, in that we are developing large industrial centres. Bread, instead of being manufactured in the home, is being very largely manufactured in the factory, or in the bakery. Even in small towns, for instance, out in the farming country, you will find at least one bakery, and oftentimes you have a truck service from the larger centres delivering bread over a route, probably covering eight or ten towns, making that trip every day. In our cities, with the small apartments and the new life that we are going through since the war, people do not spend as much time nowadays in domestic work. We find, for instance, that the demand for meats is for small pieces that can be quickly fried in a kitchenette. The consumption of canned meats and other foods seems to be increasing, and, as I say, the bread to-day is being baked in a bakery. In developing this bakery system of making bread, they have installed machinery that operates at considerable speed, and they tell me it is necessary to have a strong gluten, or a strong flour to stand up under this high-speed working machinery. Another reason for the demand of the miller, or of the baker for a strong flour, or for a uniform protein content, and a high protein content, is that the bakery mixes entirely by machinery under formula, and the baker has not the ability, or the opportunity, that the housewife has with her dough, in that she bakes one batch of bread, and if it rises too quickly the first time then the next time she will make the dough a little stiffer. The baker cannot experiment much because he works with large batches and one batch spoiled means quite a loss to him. If the housewife spoils a batch of bread, why, there is not much loss. We look pleasant and eat it anyway.

Gluten or protein content in flour, of course, affects its water-absorbing power, and the stronger the gluten, or the higher the percentage of protein, the more water the baker can put into his flour and sell as bread; and then, of course, there is also the rising ability of the dough. With that you are probably more familiar than I am. The point is that the demand for high-protein wheat is coming from the baker through the miller, through the exchange, or terminal market, through the country elevator to the farmer. The demand comes that way.

For a good many years the millers have known this. They have been buying high protein wheat for a long time, and they did it on this basis. They located the territories out of which they got this strong flour-making wheats and, of course, kept the information as a trade secret. Finally, as the demand for high protein wheat became keen, competition developed, and others found out where the high protein wheats were ordinarily located, as we soon had the situation on the terminal markets that premiums were paid for wheats from those territories. Sooner or later this thing had to come out in the open. Commission men, or dealers in the market, became aware of the thing and government investigators looked into it. The result of the whole thing was that the state of Minnesota, as part of its supervisory service on the market, passed a law in their legislature making provision to test all wheat that goes into their markets. When that was done, instead of the millers buying on their own private information, the information in regard to protein content of wheat became available to everybody; that is, it was there for anybody who wanted to get it. When that was accomplished the reflection of the premium to the country buyer, of course, followed immediately, and for some years now we have been paying premiums on high protein wheat, that is, wheat that con-

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tains more than the average percentage of protein, to the country buyer, whether he happens to be a local co-operative, or a pool, or a line elevator, or a private dealer. Some years the premiums are very high; other years they may disappear entirely, practically. In 1926 we had a very high protein content in the winter wheat, and a small crop of spring wheat with also a high protein content. For a time there were no premiums paid on protein. In the 1927 crop we had a decided shortage of protein, and premiums went as high as fifty cents a bushel on fourteen or fifteen per cent protein wheat. Instances are on record where more than that was paid, but it was probably an emergency situation. The amount of the premium varied from ten to fifteen cents for one per cent of protein above the average, the average being about eleven per cent. You can see where people became interested mighty quickly, and that was the time when the farmers began to wake up to the situation. In every community we have some people who are more alert than others; they look out over the territory and they cast their eyes around and know what is going on in the world. We have what we call large wheat growers in the western section of the state, and also in other sections. Some men go out with tractors and put in as high as two thousand acres of grain.

Montana has, on the whole, a better grade of wheat than we have. They have large operators there, but they have fewer elevators. Many of those wheat growers are located where there are no local elevators. Men that grow wheat under such conditions load their wheat directly into cars, and they find quite a difference in value on the market, depending on the protein content. That thing worked east from Montana to South Dakota, as near as I can trace the development. At any rate, some of our larger farmers began shipping direct to the market, and when a man got a twenty-five or thirty or forty cent premium above the local price on his wheat, why, naturally he strutted a little and told his neighbours about it; he was a little more skilled than the other fellow. If he happened to have just the average protein content he did not say anything about it. Well, this thing got noised abroad, and you all know how prairie fires spread. Considerable commotion was caused. I got in touch with the situation at the state farmers' elevator meeting at which several of the managers got up and said that this protein premium problem was a serious proposition, and that it needed to be solved, if they wished to maintain their volume of business. I saw that the matter was a serious one, and looked into it from time to time as I carried on my work.

Now, it happened, fortunately, that our department of Agriculture, in an experimental way, had done considerable research work on this problem, and the information was available. At any rate, we worked out a preliminary plan that we thought might be developed into a workable method of buying wheat on a protein basis at the country elevator.

At this stage, before going on to that plan, if there are any questions you wish to ask me about all this past history, probably this would be the best time to do it. I imagine that you gentlemen are thoroughly familiar with all these matters I have spoken of.

*By Mr. Loucks:*

Q. Is it due to the limited quantity of high protein wheat in the United States that you get a premium at all?—A. Yes. And the fact that the tariff stands in the way of importing from Canada.

*By Mr. Campbell:*

Q. Do the mills not get around that tariff? By milling in bond they are often able to substitute and get some of our good wheat, and, perhaps, put on the American market some of the other wheat as a substitute? Do you know

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if that is done?—A. I don't know. If it is I should like to know it because I do not think it does your farmers any particular good, and it lowers our premium.

Q. Our farmers rather object to it.

Mr. BROWN: Our millers object to it stronger than do our farmers.

WITNESS: Ordinarily, I think you have plenty of high protein wheat to take care of your own mills anyway, and probably most of ours.

*By Hon. Mr. Stewart:*

Q. Your protein wheat over eleven per cent brings a premium so that it is not reflected in the general market price at all. It is premium wheat invariably when it goes over 11 per cent?—A. Yes. May I go into that. I am glad you brought that up. We have our Futures market which is simply a contract market where a man sells and contracts to deliver, or buys and contracts to take delivery, all in the same room. Over here is our Futures market and over here are the cash tables—the sample market. It is our sample market or cash market where you have the sample before you, and you have the government grade which is the State grade from which you may appeal when you find, for instance, that the grade does not hold up when you are unloading, or even before. Now, here is a commission man handling this wheat; there is a miller buying or a dealer buying, or whomever he may be. They deal, and the miller may buy this so much over the current futures. For instance, just at present May futures are ruling or are the basis—I haven't seen the market for several days—but probably the price is \$1.10 or \$1.08, or somewhere along there.

*By Mr. Campbell:*

Q. That is Chicago?—A. Minneapolis. Minneapolis usually buy four or six cents below Chicago. But I haven't seen the market for the last few days, and our market is a little jumpy for several reasons. Now, the dealer says, "I will give you for this wheat ten cents or fifteen cents or three cents above today's market. Now, cash wheat of the same grade, for instance, such as One Dark Northern, or One Northern, which is our futures basic grade—the One Northern sample here would run about the same or probably a cent over the futures market, but running right close to our current futures market. Anything above that—protein, or high test weight, or any particularly good quality, might bring some premium.

*By Hon. Mr. Stewart:*

Q. That is what I want. The fact is that your market quotations are, presumably, based on a fair standard of the grade?—A. Yes.

Q. Around 11 per cent protein. If it goes beyond, or if for some other reason it is more valuable, then you get a premium on the top of your market price?—A. Yes. Now, I noticed the report of the Minneapolis market which you have in your Ottawa paper is just on the grade price. I have a paper here which is our Minneapolis grain market paper. This not only gives the grade price, but also the values for the different protein contents; and I would be pleased to leave that here with you for inspection if you care to have it.

*By Mr. Coote:*

Q. Are there any other factors in connection with wheat for which a premium is paid outside of the protein content?—A. Yes. For instance, our One Dark Northern standard requires 58 pounds, test weight. I have a sample in there of 60 pounds, but the sample, for some reason, was not good enough to be classed as One Hard. It may be graded a One Dark Northern. It may be of unusually bright colour, or contain a percentage of dark, hard, vitreous

[Mr. W. F. Schnaidt.]

kernels and is above the standard of 75 per cent—considerably above the standard—or it may have any other quality that is particularly desirable—and it may bring a premium. How much? I would say, ordinarily, from one to four cents. The fact is that Montana wheat will ordinarily outsell our Dakota wheat by about two cents for the same grade.

Q. Would the test weight per bushel be a factor which would give a premium outside of the protein content?—A. Ordinarily, I would say yes.

Q. If you had a wheat with a test weight per bushel of 65 pounds, would that ordinarily demand some premium?—A. Yes. You can get quite a high yield out of that wheat, and you would expect more. You would expect to pay a nice premium.

Q. You mean a higher flour yield?—A. Yes. You would expect to mill more pounds of flour out of a hundred pounds of this wheat.

Q. Do you remember just what the test weight per bushel is for Number One?—A. Shall I go just briefly into our grades? We have three classes of spring wheat, roughly, outside of our white classes. We may eliminate another class which we call Red Spring wheat which contains less than 25 per cent of dark, hard, vitreous kernels, and is wheat which comes from the winter wheat area, where some spring wheat is grown on winter killed wheat land simply to make use of the land. It is a very small portion. The two chief classes are our Dark Northern and our Northern class. Now, our Dark Northern as a class must contain 75 per cent or over of dark, hard, vitreous kernels, and our Northern class contains from 75 per cent to 25 per cent. Within these two main divisions you have the grades One, Two, Three and Four. I think there are five, are there not? Anything that is off can be graded as low as sample grain. It is simply sold as No Grade or Sample Grain. Now, we have one other grade of wheat which is One Hard Spring. The minimum test weight requirement for One Dark Northern is 58 pounds per bushel, but sometimes we have 60-pound wheat; and we want that premium or that extra value. Maybe we do not impress our dealers with it unless we give it a special name, so some years ago they made a special grade and called it One Hard Northern with a test weight requirement of 60 pounds per bushel. Now, we sometimes have wheat weighing 62 and 63 pounds per bushel; but that is not the common run. Of course, you gentlemen realize that you Canadians raise heavier wheat when your wheat matures than we do. While I am on that point I might say that we have a lot of wheat that contains smut, and we have some wheat that contains wild onions—it or garlic and things like that—which damage the wheat for flour purposes. That is notated on the grade report which accompanies the sample, and it sells that way.

Q. I wonder if you would tell us how these sample grade cars are stored in your terminals if they are not all disposed of on the sample market?—A. They go on with the grading of a sample car, and they are bought. Now, we have elevator men there who may have machinery to dry or to recondition this particular wheat, and they will sprinkle it in. There is a lot of mixing there. For instance, if I can take a carload of this wheat and sprinkle it in and lose it in a lot of other wheat, why that is my business.

Q. I was wondering whether all that wheat is bought on the sample market. Suppose some one wants a bid on that car. Can that man have his car sent forward to the public terminal and stored, just as if his wheat graded One Dark Northern Spring, or any of the regular grades?—A. So he can get a bid? I understand that all our larger elevators are public elevators, and there is binning room for rent, and a man can unload. Here is a case of a milling Durum. An elevator operator sent this to Minneapolis, and according to his protein report he thought that the bid he got was not good enough, and so he wired his commission man before he made the sale and told him to special bin



it. He simply rented the bin and binned the wheat, held it a few days, and sold it at quite an advance. He was able to take that off the market. He was not forced to sell that wheat on that market that day.

Q. That is the point. Suppose a man shipped a car of smutty wheat and it was graded and got a sample grade of smutty wheat, but he didn't like to take that, he might have that placed in a public elevator?—A. Yes.

Q. Would that public elevator be allowed to clean up that wheat and put it out with other straight grades?—A. I am not positive. I will give you an opinion. My thought is that there are elevators there that perform a service purely. For instance, this man can take this load and have it washed at one of those service elevators and get a special bin until he sells it on the market if he so desires; or he may make a private deal out of the elevator if he wishes to. Now, that is the way I think it is.

*By Mr. Brown:*

Q. You do not know whether the identity of that wheat will be preserved?—A. I think it would be since it is this man's wheat.

*By Mr. Lucas:*

Q. I understood you to say that the bulk of your wheat is sold for domestic use?—A. Yes.

Q. You export some?—A. Yes.

Q. Can you say how that is sold? Is it sold on sample or by grade?—A. Probably both ways. Yes, it is both ways. But it is sold usually subject to federal inspection as to grade. That is, we have the same position in the European market that you have, and our standards and our grades hold; that is the federal inspection. Now, whether they do this dealing for export wheat all on the sample market, or whether it is done between a large operator and an exporter privately I am not in a position to say definitely but my impression is that it is done both ways. The point is that it is inspected out usually under Federal inspection. Does that answer your question?

*By Mr. Millar:*

Q. You spoke of the mixing of grain, Mr. Schnaidt. I would like to ask you if that grain, after it is mixed, is ever inspected by either the State or the Federal inspectors?—A. After it is mixed?

Q. After it is mixed. Is it sold on sample to the buyer, or is it again inspected at any time?—A. It may be. Probably the best way to make my ideas clear on this is by giving an example of what would happen. For instance, I own a terminal elevator, and have invested in that elevator probably 60 cents per bushel of capacity, and I have to make it earn interest. My business is to deal on the market, and I go out and buy wheat and put it in my elevator. I may sell as much wheat on the contract market, on the futures market. So I am not carrying large investments, but am getting the wheat into the elevator and getting storage rent in that way. Well, my idea is going to be to mix up lots that I can sell to good advantage. It may be that I have in this elevator facilities to wash smutty wheat, to clean and to recondition wheat, and if I have a very skilful operator that understands mixing there is an opportunity there to mix grades either for the mills or someone else. Now, some mills, particularly a small mill, may prefer to buy that way because it can get better blends for their small capacity than if they mixed it themselves in their own place.

Q. In your mixing, are the demands of the miller sometimes a consideration, or is it the inspector that you have to pass? Do you consider that putting blends together would be a suitable protection to the miller?—A. I understand that one of our large grain companies performs the function of mixing grain for millers and has quite a wide business in that way.

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Q. Would that be sold on sample?—A. Now, I take it that it would; but it can be sold in the public market. I am not positive about that. I can see where a certain relationship between the operator and the miller would simply be by correspondence or agreement. The miller has all the testing facilities if he wants to check up.

*By Hon. Mr. Stewart:*

Q. The general rule, undoubtedly, is that the purchaser always has the right to request an inspection so that the grade he buys may be up to the grade that he has purchased?—A. Yes, absolutely. I can say we have the original State inspection, re-inspection, and, I understand, we have the appeal within the State that I did not mention before; and we have our Federal Appeal Board. There are five inspections possible.

Q. So that this mixing that you are speaking of would be subject to inspection at the request of the purchaser, unless there was a private arrangement made for the mixing?—A. Yes, I take it that way. I might call attention to this that grades are not as important to us with our sample market as they are to you. Now, I may be wrong in that, but that is my observation.

*By Mr. Donnelly:*

Q. Do you export any wheat, practically speaking, from Montana, Minnesota, and the two Dakotas?—A. We exported last year and this year. We export, I presume, our lower grades—not lower grades in quality, but low protein wheat, ordinarily.

*By Hon. Mr. Stewart:*

Q. You have a market for everything above 11 per cent?—A. Yes, I take it we have. In our winter wheat area, of course, we had a shortage last year. Now there is a case where we are paying a premium for low protein content—not particularly interesting here—but our top grades so far as protein content is concerned are used at home, as I understand it, and it is our low protein wheat that we export.

*By Mr. Lucas:*

Q. Have you any complaints from the producers in regard to mixing?—A. In regard to mixing?

Q. Yes?—A. No. We do not. We have our local farmers' elevator. It is out there in the field with the line company, on the same basis and with the same privileges, operating under about the same conditions. Now, in our extension work, we have occasion, once in a while, to point out to certain elevator managers that they are missing a good bit when they do not mix it well. They are bound to mix some. The thing is to mix it well. With our sample market at the terminal the privilege to mix provides competition. There are probably also some difficulties connected with that. Another view of that situation would come from this direction: our futures market. On our futures market there is no sample market, but purely grades. Now, when I sell one of you gentlemen on our futures market one thousand bushels of wheat I expect to deliver the minimum quality that will pass the grade requirements. Sometimes I burn myself. If I take delivery in May, for instance, I expect to get just grade line quality.

*By Mr. Millar:*

Q. What, Mr. Schnaidt, is the relative position of the three price fixing factors, protein content, weight per bushel and dockage; and do those relative positions change from time to time, or are they fixed?—A. Taking it in the sense

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that we call dockage it has very little—in fact, it may be an advantage. I was on the Minneapolis market at one time and a man offered wild peas at thirty dollars a ton. They were originally dockage. They did not cost him anything except the separating. Wild oats have a value on the market somewhat in relation to other mill feeds; but when you buy a lot of wheat you buy all the wheat and get dockage free. Dockage is not a grading factor; you just get something for nothing.

*By Mr. Coote:*

Q. In protein wheat—wheat that has a high protein test—would a large percentage of hard, red, vitreous kernels be of any advantage?—A. Yes. Let me complete the answer to Mr. Millar's question first. Sometimes you have this information that a man actually pays a little more because there is some valuable dockage such as flaxseed or something like that in the lot. Ordinarily, it is just a gift, but a buyer may bid higher for the sample than he would without the flax dockage content.

*By Mr. Millar:*

Q. It is of value, but he does not have to pay for it?—A. Yes, it is of value, but he does not have to pay for it unless there is competition.

*By Hon. Mr. Stewart:*

Q. It does not affect the grading?—A. Yes. It does not affect the grading.

Q. In any particular?—A. No. We have, now, foreign materials—dockage for weeds and inseparable dockage, that does affect the grade. There are certain kinds of weeds and weed seeds that cannot be taken out very easily. Those do make a difference. Just what they are, I do not know.

*By Mr. Donnelly:*

Q. Rye?—A. Yes, rye would be one. Now, our test weight is reflected in the grades. That is probably the first factor. That is the one that the local buyer uses to the greatest extent. That and the percentage of dark, hard vitreous kernels is the thing which determines, for instance, whether a sample of wheat falls into a Dark Northern class, a One Hard, or into the Soft Red Spring. Now, in regard to protein, the premiums vary a great deal. This year the premiums are not so high, and they do not start at 11 per cent. Last year they started at 11 per cent. This year, at the present time, they are starting at about 12½. Most of the winter they started at about 12 per cent. They paid about two cents over for 12 per cent protein. Last year protein was by far the most significant price-making factor. This year it still is, maybe, a greater factor than test weight, but not so much so as it was last year. Now, in the 1926 crop it was of relatively small importance. There was a time when there was no premium offered for high protein wheat. So you have in the case of protein a price curve that does not go with the grade price curve.

*By Mr. Millar:*

Q. This would be true. I take it from your words, that the relative position of these factors change from time to time with supply and demand?—A. Yes. I might say that protein premiums ordinarily do not fluctuate as rapidly or as widely as grade prices.

*By Mr. Vallance:*

Q. What would you say then of that wheat that you export? Is it a factor at all in the determining of the price received by the producer in your country? Is it a factor?—A. Will you state that again please?

[Mr. W. F. Schnaidt.]

Q. The export wheat that you export from the United States—in your opinion, is it a factor in the determining of the price that your producer receives in the United States?—A. Well, I do not know whether I can answer you yes or no. I know this much—when we are on an export basis we do not get as much for our wheat as when we are not.

Q. That is the position we are in all the time.—A. That is the position you are in. When we are on an export basis we take the same world price as you people do, quality for quality.

*By Mr. Coote:*

Q. I wonder if you would answer the question I raised before about the value of protein—whether the value is increased by a large percentage of hard, red, vitreous kernels if the protein quality of the wheat were high anyway?—A. As I understand your question, the value is related to the value of the percentage of dark, hard, vitreous kernels, aside from the relationship between it and the protein content? I would say yes to that, for the reason that hard wheat will weigh more per bushel; it will yield more flour. That is one thing. There is probably this other thing, that in the mind of millers there is a relationship between milling quality and a percentage of dark, hard, vitreous kernels. Whether it takes the form in his mind of protein content, or not, I do not know. We have some small mills that simply operate on that basis—a few mills that do not have testing laboratories.

Q. I wonder if you would give your opinion on this point: whether in Canada, where, we will take it for granted, the most of our grain is of fairly high protein content—would the relative value of the weight per bushel and protein be higher than it would be in the United States?—A. The test weight? The relationship between protein and weight per bushel?

Q. The relative values as they are shown by the test weight per bushel—because we have a large percentage of high protein wheat.—Would the relative value of the test weight per bushel be a little higher here than in the United States?—A. You mean the market value?

Q. Yes, the relative value as shown by the weight per bushel compared with the value of the protein content. You said that in the United States, I think, the relative value of the test weight per bushel, as a rule, was considerably less than the value determined by the protein content?—A. Yes.

Q. I wonder if you would make a comparison of the situation in Canada with that in the United States?—A. I am trying to locate myself in your thought, Mr. Coote.

Q. I say that in Canada we have very often considerable wheat with a test weight per bushel of around 65 pounds. We have as a rule, on the average, a fairly high protein content?—A. Yes.

Q. Now would the relative value of that 65 pounds per bushel wheat as compared with the test weight per bushel in the United States—would it be inclined to give the wheat a little more value, relatively, from that one standpoint—the weight per bushel?—A. Where would that value be crystallized? Is it to the miller?

Q. Yes; to the miller.—A. To the foreign market? Or would it be in the United States? That probably would make a difference.

Q. Well, to the old country miller?—A. There, of course, you are getting very far away from home, and I do not know how to answer that. I think that would be a very fruitful field for you gentlemen to investigate from the standpoint of Canadian wheat; but, you see, I do not know just what the European demand for high protein wheat is.

Q. The reason I asked that is that our definition for One Northern, I think, gives a test weight of 60 pounds per bushel?—A. Yes.

[Mr. W. F. Schnaidt]



Q. When you have wheat weighing 65 pounds per bushel, and when the average at some inspection points in Canada in most years is over 63 pounds, I wonder whether we are leaving it too low, when we have wheat showing such a high test weight?

The ACTING CHAIRMAN (Mr. Brown): It is a question whether we are departing from the rule that we laid down in the beginning.

Mr. MILLAR: It was the general understanding that we would have an open discussion on each topic.

*By Mr. Millar:*

Q. I would like to ask—A. I am sorry I have not answered that question to better advantage. It is pretty hard to measure.

Q. I think Mr. Coote wanted to know if the test weight per bushel would be a bigger factor in Canada than it would be in the United States. But I would like to ask this question. Speaking of the quantity of protein, and whether protein is likely to be a factor, is protein likely to be of a better quality from one State or from one locality than from another?—A. I cannot answer that question positively; but I have heard this remark in the Minneapolis grain market that Montana protein, ordinarily, is a little higher quality than South Dakota, although I did not take that statement in full seriousness. There may be something to it; but I think the advantage is more in that they have less mixed varieties and probably a little better bloom on their wheat. It is just like the general appearance in an animal; you just like it a little better.

Q. There might be some other factor which would cause the difference?—A. Yes.

*By Mr. Donnelly:*

Q. Have you much confusion among your men testing for protein content as to quality and quantity? Is there much variation in the quality as well as the quantity?—A. You understand, of course, the difference between the quality of protein between Durum—

Q. I mean just in your spring wheats?—A. In spring wheats the difference is considered there in our standards. The idea is that the quantity of protein determines the flour making value of that wheat. It is a pretty good indicator. Some years ago, of course, we heard a lot about Kota wheat not having the quality of protein or the baking qualities, but I haven't heard anything the last few years. I believe that it does not make much difference. Last year they were pretty eager to get Kota wheat when it had high protein content.

*By Mr. Donnelly:*

Q. What climate conditions have you in your country affecting the quality of the protein?—A. I do not know that it would affect the quality. It affects the quantity of protein in the spring wheat. We consider one of the most important things in the climate,—rainfall and heat through the berry-growing season.

*By the Acting Chairman (Mr. Brown):*

Q. Is Kota wheat looked favourably upon by your millers?—A. I say they prefer Marquis, but I noticed two years ago in the 1927 crop that they were glad to get Kota wheat when it had a high protein content. The protein content in Kota wheat was very desirable, and the miller, because he needed it, overlooked some of those minor points. I think on the markets where the millers and the commission men are dickering there are a lot of things said that may not have the weight that they are given. I never praise a horse to the man I expect to buy him from. When I have bought him I say that it is a very fine horse. A good deal of it is trade talk in my opinion.

[Mr. W. F. Schnaidt.]

*By Mr. Donnelly:*

Q. You have no frost conditions?—A. No. There might be once in a great while in North Dakota, but I never saw frosted wheat until I saw it on the market at Minneapolis about a year ago.

*By Mr. Ross:*

Q. If you did get a frosted wheat year with high protein content, would you deduct a certain amount for the frost?—A. Yes. I would imagine it would be graded down and it would sell at some discount on that account. If the baking or milling quality was not damaged, why the sample market would take care of it, because there you have competition. If there is value there somebody will bid for it.

*By Mr. Donnelly:*

Q. You do not have any green kernels in your wheat?—A. I have never seen any difficulty on that account; but in the development of the combine I would not be surprised now if something would show up. I have never heard of any difficulty. It has not been an important factor with us. I can see where it would be in a territory as you have up north. The protein content is pretty well established as a measured quality in wheat, aside from such minor considerations. They may be of minor or greater importance depending on the variety of the mixes—a Durum wheat in a spring wheat or a spring wheat in a milling Durum.

*By Mr. Campbell:*

Q. You were supposed to tell us about some plan that has been adopted, or is proposed to be adopted, in buying wheat at local elevators on the protein basis?—A. Yes.

Q. Perhaps you could tell us that?

*By Mr. Lucas:*

Q. I understood you to say a while ago that the buyer did not pay for dockage?—A. As I remember it, I made the statement that the buyer might pay a little more for that wheat if it contains valuable dockage, but he gets it ordinarily. Dockage is not a grading factor. It is just like this. If you had a bushel of wheat or flour and there was a dime in there you might be willing to pay a couple of cents more than its market value, but if there was something in there that was too hard to get at, and would cost something to get at, and would not be valuable in itself after you had it, you would not be willing to pay quite as much, although the samples of wheat might grade just the same.

Q. Your wheat is bought principally on sample in the United States?—A. Yes. That is—

Q. Does that all go right back to the producer and the country elevator? In buying street wheat, is his wheat bought on sample?—A. His wheat is bought on delivery. The producer's wheat goes to the elevator the same as your street wheat, I take it.

Q. As regards protein content?—A. That varies. That is not done by law. For instance, in one community where we were explaining this we called the elevator managers together, and we explained this plan with the idea of getting them to apply it; and one man says: "Well, if we could only buy on the grade basis here that would be all right. We buy everything for One dark wheat whether it is number One or number Six." There was dirty competition in that

[Mr. W. F. Schnaidt.]

town among the grain buyers. I can understand how that might develop. But ordinarily public elevator operators or grain buyers will buy on the basis of grade. They may buy on this grade accurately just exactly as it would be applied at the terminals.

*By Mr. Lucas:*

Q. What I am trying to get at, Mr. Schnaidt, is this: In Canada we have a great deal of complaint from our producers that in selling their wheat they think they do not get the grade that it should bring. I would like to find out in your opinion what is the chief complaint on the part of the producer over there in selling his wheat at the local elevator? What is the chief complaint of the farmer out in the country in selling his wheat?—A. Well, I do not know. The elevator man thinks he is abused because everybody is calling him down; and the farmer thinks he is abused because he thinks maybe the elevator man is docking him too hard. That is, probably, the most important thing.

*By Hon. Mr. Stewart:*

Q. There is no complaint about grades?—A. No. Here is one thing that is probably an extreme sample. One man hauled in some wheat and he said to the elevator man: "I know this is No. 2 wheat, and I am willing to get a No. 2 price, but you mark it No. 1 on the weigh ticket, because Mary wants to see that when I get home."

*By Mr. Lucas:*

Q. Would it make any difference in the price the farmer was receiving, no matter what grade was placed on it at the initial point? Would it not be sold on sample and bring to him the price that the sample would bring at the terminal?—A. Yes. That depends pretty much on the local competition. The local price is determined by competition. I mean, we have this price service—I just want to show it to you so that you will be able to identify it when you see it again. We have a price report of the service that figures out the minimum grade value that different grades of wheat would have at any particular elevator with the freight and local handling charges of seven cents, I think, taken off to cover marketing cost.

*By Mr. Campbell:*

Q. Who gets out that service?—A. That is gotten out by Mr. Durant. It is called the Grain Bulletin, Minneapolis, Minnesota.

*By Mr. Donnelly:*

Q. What does that seven cents cover?—A. All handling charges at local elevators plus the risk of the elevator that buys grain at that price. That is the maximum that he should take. In other words, the minimum price per grade, and it is known that that is the minimum price. I may be an elevator operator and you have sold to me. This card allows me seven cents. Now I may lose on that; I may win; it depends on how the market fluctuates. Coming to the point this gentleman raised, I may lose some of it by mixes. You could not have No. 2 wheat if the predominant grade there is No. 3. I am losing that by unnecessary mixing in that bin. On the other hand, you know there are many chances for a dealer to buy carefully, and you can see how the competition between country elevators, at points where there is no gentlemen's agreement, may come in. A good many elevators operate on much less than seven cents and buy as closely as three cents for all handling charges.

[Mr. W. F. Schnaidt.]



*By Mr. Millar:*

Q. That is simply a guide?—A. That is simply a guide. It is supposed to reflect the minimum values for any grade of wheat at that particular buying point.

*By Mr. Donnelly:*

Q. That is seven cents for street wheat?—A. Seven cents for street wheat.

Q. You have a less minimum for carload lots?—A. In the case where you have a carload lot. I know of one large outfit, and they had a deal where the local elevator handled it all for this company, probably for  $2\frac{1}{2}$  or 3 cents—took it in and loaded it out.

Q. Would that cover the protein test?—A. No; simply the handling charges through the elevator.

*By Mr. Ross:*

Q. Would it cover your charges for selling over your market at the terminal point? I understand that on the Winnipeg Grain Exchange there is a commission of one cent per bushel for the selling of our wheat?—A. That is taken out in the card price. For instance—yes, that would cover up marketing charges. That is net to the grower—the price reflected on there. Many elevators pay over the card—one cent, two cents, three cents.

*By Mr. Fansher:*

Q. Does that seven cents cover the grade?—A. No, it does not; not the freight, nor the terminal marketing charges.

*By Mr. Ross:*

Q. What would you charge up on the grain. We will say the farmer is moving the grain. He brings it in and handles it through the country elevator. What would you charge for just consigning it to the market and selling?—A. Just loading it out through the elevator?

Q. Yes?—A. That would be a matter for private dealing. You may have this plan where a certain elevator may not want to do that at all. He would rather offer you the price of a higher grade and in so doing not give it out as public information, and may actually charge the man only about two cents; but if the elevator takes responsibility on that market, he would expect to operate on a wider margin—if he assumes ownership—because there he assumes a price risk. On the other hand, if he just performs a service it may be  $2\frac{1}{2}$  cents, or somewhere along there.

*By Mr. Bancroft:*

Q. It is not fixed that way?—A. No. Storage charges are; handling charges are not.

*By Mr. Millar:*

Q. Are inspection charges fixed by law?—A. I do not know. The inspection takes place at the terminal markets or at inspection points. The government charges are fixed there by regulation or law; I take it, by regulation.

Q. Among your buyers when they are deciding the price of wheat they are going to buy, what would they consider essential; must they see the wheat as well as have the protein test, or would they be willing to buy, to have the protein test and the grade?—A. I think they would in every case want to see the wheat as well as have the test and grade. They would be more anxious to see the wheat than they would to have the grade, I am sure.

[Mr. W. F. Schnaidt.]

Q. Under conditions where they cannot see the actual wheat, would they be willing to make a bid or fix a price on the information that could be given on the grade certificate and the notation you have referred to?—A. We have what is known as buying on a "to arrive" basis, where the buyer, probably by use of the telephone, ascertains what a local elevator has to sell and offers him a price on basis of grade. Final settlement is made after the grain is delivered with agreed differentials for variations from the grade agreed upon. The prices on "to arrive" wheat are usually somewhat lower than on cash wheat for the same day, but may come very close to cash prices on a rising market.

Q. I suppose it is really not necessary because they can see the actual bin?—A. Yes. I take it that it is not necessary. A miller may have representatives out in the grain territory and I guess he also has them at the markets.

*By Mr. Ross:*

Q. The witness was going to give an explanation of country buying on the protein basis. We have only about twenty or twenty-five minutes left. I think we should allow him to get at it.

The ACTING CHAIRMAN (Mr. Brown): I may say the chairman instructed me that we could meet this afternoon at four o'clock if this witness were not through.

WITNESS: Probably we can gain time and also give you something if I skeleton-outline this plan. Roughly, it consists of a number of steps—sequences—none of which is very hard. There is nothing I can see that is particularly difficult where a man wants to operate on this plan. In fact, it is proving out that way. Inherent in the reflecting of protein premiums; there is nothing particularly difficult, any more than there is about doing any other job that you want to do. The whole thing crystallizes down to this. Do you want to do it? I can show you evidence that that is the case. Let us picture this thing. That is what we will do anyway in our minds. Let us consider that. A farmer comes along—say I am the farmer and I have one thousand bushels of wheat. I go in and I deal with my elevator manager or operator and we agree on the grade. I may try him out on the first lot, and we agree that he is going to pay me a One Dark Northern price for this wheat from day to day, or I may sell it to him all that particular day at that day's price until my threshing, shock threshing, or stook threshing as you people call it in Canada, is done. Now, he agrees to settle with me on the grade value as of that day if I sell it all that day, or on the day I deliver if that is our basis, but he settles with me on that basis of grade values and pays me cash. Now, my wagon goes over the scale and he takes a handful or a cupful of grain, or he may take the top of his Mason fruit jar, and as the wheat runs out he may dip in and get that cupful and put it in his Mason fruit jar and seal it. The next load he will handle the same way. The third load, and so on. Out of every load he takes a fair sample and puts it into this air-tight fruit jar, or any other air-tight container, until I am through delivering. Now, if I am suspicious of him I may take a sample at the same time. If I do not trust him, I do not think I will haul to him. So, ordinarily the farmer does not take a sample. We usually have at least one pretty square shooter in town that we can trust as to weight and dockage, and so on; and if we do not have one we go ahead and organize a farmers' elevator. So, we take this composite sample, mix that thoroughly, and send a small portion, probably six, eight or ten ounces, in an air-tight little can to a private testing laboratory at Minneapolis, or to the Minnesota State laboratory, or to our own laboratory at the State college, and when the returns from that come back we figure them up. The elevator operator says, "There were one thousand bushels and it tested 13½ per cent protein; it had a premium value of twelve cents. Now, I am only reflecting three-quarters of this premium value back because I may lose some

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premium value. That is our understanding. It is the basis we have been buying on. So, you have eight cents a bushel or eighty dollars coming to you; here is the cheque." That is all there is to it. Where you are buying street wheat at the elevator there are a lot of details.

*By Mr. Campbell:*

Q. The elevator operator would have to preserve the identity of that wheat in order to preserve its protein value?—A. Yes and no. For instance, you can say: where you go below the premium content of your line, if you throw it in with wheat having no premium value you are going to throw that premium value away entirely. On the other hand, if premiums start at twelve cents and you haven't enough bin room, which is usually the case, there you throw your 12½ per cent protein wheat and your 13 per cent protein wheat and your 14 per cent protein wheat all together in one bin, and get the average. There may be some run over, but not very much. That is why we recommended in this plan to reflect only three-quarters of the premium value to the farmer.

*By Mr. Ross:*

Q. On that point. Suppose you have a condition in the United States where you have a very large crop of a fair protein value and your mills are fairly well looked after and you are on an export basis, what position does that put your country buyer in in regard to protein?—A. It does not put the country buyer in any worse position than it does the farmer, because he gets the market information quicker.

*By Mr. Donnelly:*

Q. In the same way, suppose he bought in one thousand bushels, and he finds when it is sent in that it only goes nine or ten per cent protein?—A. I will take that up in a minute. I want to finish with Mr. Ross' question. For instance, there is no protein value; is that the idea?

*By Mr. Ross:*

Q. Would there be any protein value?—A. If there is not, the elevator manager knows it and he simply does not offer it, and the farmer does not expect it. But you have this situation, that the premium may be rather high at a certain point, but by the time the man delivers that wheat the market has dropped. That is one of the risks that he takes, and his seven cents is supposed to cover fully that. There is always a chance of it going up.

*By Mr. Millar:*

Q. You cannot hedge that?—A. You cannot hedge protein premiums.

*By Mr. Donnelly:*

Q. Suppose he has bought his thousand bushels, and it is ten per cent, and you are paying on the basis of twelve per cent?—A. There is no discount. There is no discount in premiums. That is once where it works well for the producer.

*By Mr. Bancroft:*

Q. Could you not give us any idea of what percentage of your crop goes above 11 per cent protein content?—A. No.

Q. Would you say half of it was above?—A. I would say that the premium line is at about the average per cent of protein content.

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Q. About half above it and half below?—A. Yes. I would say roughly, but that would depend upon the size of the crop and its protein content.

Q. If there was a larger percentage above it, there would be a less premium?—A. Yes. And if that line moves up like this year—this year our premiums started at 12 per cent protein content, and a little farther on they were at 12½ per cent. That line is sort of self-adjusting; it depends on the percentage of protein in the whole crop.

*By Mr. Donnelly:*

Q. And the man who brings in one hundred bushels, how will you treat him—the same as the man with one thousand bushels?—A. Yes, he can if he wants to pay the cost of the test. In our plan we suggested that the grower pay the testing charge of one dollar. Now, ordinarily, on one or two load deliveries they may make a dicker—probably an average station price.

*By the Acting Chairman (Mr. Brown):*

Q. I understand there is no attempt to apply that test when you are on an export basis?—A. In the country?

Q. Yes?—A. Oh, no. We are on an export basis this year, and we were last year.

Q. Our problem is to try to apply that to our big export?—A. Now, that is a different problem from ours, Mr. Brown. I understand that we are selling our low protein wheat going to the export trade, because the demand—the big demand—the good demand is right in our own country.

Q. Which we haven't got, of course?—A. No. You do not have the mills taking the share of your wheat that we do.

*By Mr. Donnelly:*

Q. Now, in a carload lot, if a man takes a special bin, he gets the whole hundred per cent premium for high protein?—A. Now, let me make that clear, Dr. Donnelly. I have a letter here from one of our elevator operators, and he reflected all his premium values. I called on another man, and I have a notation here. He tells me that he made since last June and to the first of January—netted over \$5,000, buying wheat on the basis of the card for grades, reflecting the full premium value, as shown by the card. Now, that introduces another point. We have for example, at our terminal market twelve samples of One Dark Northern with twelve carloads of One Dark Northern delivered all of which was running between twelve—say 12 and 12½ per cent protein. Now, there may be a range of four or five cents there between the highest premium on those samples and the lowest. The card shows the low ranges. You get the point? The card shows the low ranges—the minimum protein premium paid on the market for that day.

*By Mr. Millar:*

Q. Is that the price card you are speaking of?—A. Yes, that is the price card. Here are the quotations for April 18. For One Hard wheat. That is 60 pounds. For 60 pounds it is 97 cents; 58 pounds, No. 1 Dark Northern, 96 cents; 57 pounds, No. 2 Dark Northern, 94 cents; 53 pounds, No. 4, test weight required, 53 pounds, 84 cents. Protein premium, 11½ per cent protein—let us take this One Dark Northern at 96 cents. Now, that is 11½ per cent protein—nothing; 12 per cent protein—no premium; 12½ per cent protein—3 cents. The card report for that day shows that One Dark Northern on a grade basis sold for \$1.14½ at Minneapolis; No. 2, \$1.13½. The May futures market was \$1.14½. On a grade basis it is then about the same. One Dark Northern wheat, 13 per

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cent protein, \$1.22 $\frac{7}{8}$ , or eight cents difference there. The card here shows 13 per cent protein, seven cents premium. The market report in the Daily Market Record—shows for 13 per cent One Dark Northern \$1.22 $\frac{7}{8}$  to \$1.28 $\frac{7}{8}$ , or a six cent range there for all wheat selling between 13 and 14 per cent protein. Notice that the step-up there is a full grade. On this card it changes on the half grade: 13 per cent protein, 7 cents; 13 $\frac{1}{2}$  per cent protein, 11 cents; 14 per cent protein, 16 cents. So you see the card reflects the lower range and breaks on the half per cent. Now, I have some letters from our own men complaining that it is very difficult to buy and reflect on that premium even though it does quote the lower ranges. They say you can do that all right in Montana, but it is a little difficult in South Dakota. We recommend that they should only reflect three-quarters of this the first year, and, actually, we have these two successful elevators reflecting the full card quotation. It is somewhat lower—well, it is the lower ranges of the market—actual reports of the lower ranges.

*By Mr. Millar:*

Q. Does that mean that some companies are setting the pace and these others find it pretty hard to keep up?—A. Yes, where we have a competitive market.

*By Mr. Donnelly:*

Q. Don't you think it may be due to their district. Some wheat may be only ten per cent and some fourteen, and they get mixed together, and when it gets out it does not get the premium?—A. I am glad you raised that point. Although these men were in districts where the average ran above twelve—in fact, here is the situation where we may have difficulty. In a community where your average protein content of your deliveries would be about on the line, there it would take more careful buying; there would be more opportunity to lose protein wheat by wrong binning; and we recommended that this be on a three quarter basis. That would be fair enough.

*By Hon. Mr. Malcolm:*

Q. I want to get your opinion on one or two points as the result of what you have said. Your problem is somewhat different from the problem in Canada, because I think you said that your high protein wheat practically all goes to the domestic mills?—A. That is my understanding.

Q. I believe that is quite well understood by everyone: that there is a market for your high protein wheat in your domestic mills. Your export wheat is practically all of a lower protein value due to the fact that you have this good domestic market for your higher wheat?—A. Yes.

Q. Now, do you believe that the best financial results for the American wheat producer are obtained by the method of selling?—A. Yes. I would say so.

Q. You tell us that you do not think the protein in wheat is as much appreciated by the foreign countries as it is by your own miller?—A. That would be my first approach.

Q. In other words, your domestic miller would pay more for the protein than you could get for it from the foreigner?—A. Yes. May I qualify that by stating it is for the reason that our baking situation demands the high protein flour.

Q. I understand that. I just want to follow your own argument to see if I can get some application of your argument to our situation. The protein is generally more appreciated in the United States than it would be on a foreign market. Now, we have a situation in Canada which you have had pointed out to you, that our Canadian mills do, possibly, also, like the American mills, appreciate the high value of our wheat. We have the suggestion that these

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mills pick what they consider to be the best cars, by a process of selection, in the yards. Do you think, in the first place, that this selection of high protein wheat from the general flow of the Canadian crop seriously affects the average price of the remainder on the foreign market, bearing in mind what you say that that foreign market does not pay so much attention to protein?—A. I do not know how much is taken by your mills that way. I understand that you mill for Canadian consumption about ten per cent.

Q. About that?—A. Well, it is simply a matter of mathematics.

Q. Would it be a matter of mathematics? What I am trying to get at is how much value, in your opinion, the foreign market places on protein?—A. Well, I am not prepared to make a statement on that, because I am not familiar with it.

Q. I am very interested in what you say as to determining the value of the protein to the original grower, for this reason, that if the protein test were applied to the cars that these Canadian mills select, it strikes me—I would like your confirmation if it is true—that that would be one method by which the producer could get the full value of the car the miller did select. In other words, the cars are all graded the same in Canada. The farmer who knows nothing of the protein value of his car, except that he may be producing in an area which is relatively high in protein, has no method of knowing what the extra value is to the domestic mill. For my part, it seems that the greatest advantage of knowing the protein content would be in knowing what premium to charge to the man who appreciates protein and is willing to pay them. That man is the Canadian miller. He, at the present time, has the right of selection without paying very much premium. Now, do you think you could reflect back to the grower in Canada—leaving the export market out—a substantial premium on the ten per cent of the crop.—A. As I understand it, you ask me the question whether by making a protein test of the wheat that is sold to the mills, and having that information for your buyer and your salesman—whether that would actually result in a higher price to the man who is growing the wheat?

Q. Yes?—A. Now you can see, in the first place, you would have to be able to force that value up. The value may be there, but it is a bargaining proposition in order to force that. If I were a miller, and I could get around you you could have all good wheat. If the other fellow had it and I could get it from him for nothing, I would try to get it.

Q. On the other hand, our Canada Grain Act might take care of that. Suppose a regulation were put in the Canada Grain Act that no car of wheat could be diverted from the general export flow unless it were diverted on the basis of protein value? Then the protein value in that farmer's car would have to be shown, and you would have to pay the premium?—A. It seems to me, just off-hand, that would be a step in the right direction. It would simply put your seller, who is the representative of the producer—should be the representative of the producer—it puts him in a better bargaining position, and probably, also, puts the buyer in a better bargaining position. Now, whether it would be advisable, that is really too deep for me from the standpoint of what I know about your grain marketing. Then, after that, of course, will come the problem of carrying it back to the individual grower.

Witness retired.

The Committee adjourned to meet at 4 p.m. this day.



## AFTERNOON SESSION

The Committee resumed at 4.00 p.m., the Chairman, Mr. Kay, presiding. W. F. SCHNAIDT recalled.

The CHAIRMAN: Will you continue, Mr. Schnaidt?

The WITNESS: Since I have the competition of the session out of the way I shall proceed, but I really do not know how to go ahead. This morning just before we adjourned I gave you a brief outline of our plan. During the noon-hour I wondered if I made it clear enough, and if you are ready for a discussion on these plans by way of questions, would that be the best procedure, Mr. Chairman?

The CHAIRMAN: Yes, I think so.

The WITNESS: Probably if you gentlemen will ask questions on the various steps we could bring out the point in which you are more particularly interested.

*By Mr. Millar:*

Q. I would be glad to have you dwell a little more minutely on the method of handling street wheat less than carload lots and binning. How do you manage to keep it separate?—A. I might say that I have this all written out in a circular of which I am leaving five or six copies for your further consideration if you find it advisable afterwards. Coming particularly to this point of binning: it was mentioned this morning that there was an opportunity for loss by the local elevators, and there is that opportunity particularly at a station in which we have a wide range of protein content, and especially so if the average of that station protein content would be about on the line where premiums start. For instance, let me read a statement which I have in this circular.

I do not have any of these circulars here; I thought I had. For instance, if we had one thousand bushels of ten per cent protein wheat, and we would mix one thousand bushels of twelve per cent protein wheat, we would get out of that bin two thousand bushels of eleven per cent protein, which on last year's market and on this year's market would have no premium value. I thought I made a statement something like that this morning.

At this point there is a very interesting thing, that is, that your elevator manager who has kept in contact with it and who has developed some skill, who has compared tests of protein with the appearance of the wheat, will be able to become quite skilful in making a fairly accurate estimate of the protein content, so that he does pretty good binning, that is, he does not lose premium values on many lots of wheat. There is a very close relationship between the percentage of dark hard vitreous kernels and the protein content, enough so that a man who follows that thing from day to day and checks up on his chemical analysis can become quite proficient in binning his wheat. Just since we dismissed this noon—

Mr. MILLAR: If you are going on to another subject, I would like to ask a question or two.

WITNESS: Just on this point, possibly this is not the best place to read it, but I might say I will read you a paragraph from a letter I received since noon, which is a copy of a report from one of our elevator managers:

I have averaged the samples as they were sent in in the sample cans, and find that from our station here the average is 12.55.

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That is the average of all his samples. I do not know whether that is the weighted average or not; I rather presume that it is not, it is just a simple average.

and the average protein of the cars shipped out is 12.40.

His tests gave him an average of 12.55, while his carload shipments are 12.40, a difference there of fifteen hundredths of one per cent, not very much difference. There is more that may be easily taken up by variations in tests. "Our situation in Sitka—another station—is, the average sent in the can is 12.03, and the car average is 12. This shows that our shipments are holding up well with the can samples. We pay on the figure ending in 5 or 0. Say that the sample tests 12.30 we pay for 12 protein." And so on.

So that you can see in this case, where we have a careful operator, who takes care of his samples, he is not losing much by wrong binning. This year twelve per cent was pretty close on the line.

*By Mr. Millar:*

Q. You believe that with some little training and experience in this work the elevator operator by taking the percentage of the hard dry vitreous kernels can come fairly close to the actual value on a protein basis?—A. May I amplify that statement a little more? The percentage of dark hard vitreous kernels and the test weight, there is a little different correlation between the test weight and the protein content, and we find that in the United States, in the spring wheat area, our high protein point is on a test weighing around 55, and as the weight increases the trend is downward in percentage of protein. Again as the test weight decreases, from 55 pounds especially if the decrease in the weight is due to disease, there is a downward trend, so that increases in the percentage of dark hard vitreous kernels indicates upward trend in protein content, while in test weight it is downward from a weight of 55 pounds per bushel. One of our men in the Department at Washington has worked out an experimental table of these correlations. They tried it this summer in Montana, where the elevator people used a table for binning wheat, not for buying wheat, and while I have had no official report on it, during the summer several times I saw this report, that the Montana elevator managers have got protein buying to a proficiency where they can reflect the premiums to within one quarter of one per cent of the analysis.

*By Mr. Coote:*

Q. May I ask a question here; I want to bring that out a little more if I can. Would all the wheat coming in at one given point, which would grade the same, have a fairly uniform protein content?—A. It may, and it may not. One of the things, or one of the forces which influence the protein content of wheat is the condition of the soil, the richness of the soil. Here is a farmer who has introduced sweet clover in his rotation; he plows it up, his land has a sufficient supply of nitrogen; we would naturally expect a decided increase there of protein content, a noticeable increase, while the wheat may not look much better, or even may not look quite as nice as wheat grown on another field.

*By Mr. Millar:*

Q. Would that be reflected in an increase in the percentage of dry hard vitreous kernels?—A. There would be a tendency there. You will understand, Mr. Millar, that this thing is not absolute, but the correlation is fairly close.

One other point I might make in this connection is, that this relationship is particularly good and usable after you have submitted several samples for analysis, and know about what your analysis is. Your wheat may look the same, but may not carry as high a protein content as the year before.

[Mr. W. F. Schnaidt.]

*By Mr. Coote:*

Q. One of the difficulties the Committee feel they would like some information upon is the question of the grading of wheat which the farmers bring in and wish to sell by the wagon-load, what we call "street wheat." From what you know of our system of handling wheat, can you suggest to the Committee just how we can make use of the protein content of wheat, in our grading system, in such a way that that value can be reflected back to the farmer who is handling his wheat in wagon-load lots and selling it to the elevator. That is a rather long question?—A. It is not only long, it is deep. I do not know just what to say on that thing, but if you will allow me to make a frank statement, just simply a personal opinion, I will do so. I would say that your first problem is to sell your wheat on a protein basis. Now, probably I might put it in this way; the money you get for your wheat comes from the consumer, who is a miller somewhere. It seems to me that your big problem, your first point of attack, will be to sell your wheat on a protein basis to that man, so that he knows he is buying your wheat because it has a high protein content. If you get that established, then your job will be to work it out in this way; it may take a year or two, to work that back to the producer, but I think it will register at first at the bargain place, where your initial producer's representative, and your consumer's representatives would be your sales organization, either a private dealer or a pool representative, and that miller buyer would get together, and then work it out in this way. I wonder if I am making myself clear?

*By Mr. Coote:*

Q. That is fine, I think. Suppose we do that, and we find that the miller does appreciate the protein content as a factor and is quite willing to buy when we use that in our grading system, and we feel that there is some premium due to the producer of high protein wheat, can you suggest how we can reflect that back to the man who is selling wheat by the wagon-load to the elevator man in the country?—A. You have your wheat protein now within the grade; it is a grading factor.

Q. Suppose we have not, at the present time?—A. I am taking this hypothetical case, that is where it is locked in, somewhat. If you have it as a grading factor, you are reflecting it in your grade price, and it is done.

*By Mr. Vallance:*

Q. There is no method under our system of street selling for the elevator operator to determine, other than you have outlined, by becoming accustomed by the appearance, what the protein content would be; is that the only system you have?—A. No. I discussed that before. You had left the room when we discussed it to-day.

Q. Then you need not go over it?—A. We want to go over it anyway. If you incorporate the protein content as a grade requirement, this price that is established for your grade will naturally reflect that value, will it not, and it is done. Is that clear, or am I right?

*By Mr. Coote:*

Q. What some of us fear is that we may add it as a requirement. Suppose we put it as one of the requirements of the grade, the elevator operator buying a wagon-load, and not having any protein content, would naturally think that it is low, and no benefit would accrue back to the producer. Whatever benefit would come would likely go into the hands of the elevator company that is buying that man's wheat.—A. In other words, your elevator man not having a method of testing that wheat for protein, would naturally undergrade that wheat?

[Mr. W. F. Schnaidt.]



Q. Yes?—A. That is exactly the proposition, where we come in here. We do this; let me take a case. Instead of being in the United States, I am in a Pool up here in Canada.

Q. Say at Didsbury?—A. At Didsbury. Well, you are a grain buyer. I have say 500 bushels of wheat. Now, according to the physical examination you make, it will grade No. 1 on your present standard—it would be with me No. 2 Northern or No. 3. You do not know its protein content, probably, according to your grade; it might be brought up to No. 1, if it had a very high protein content. Well, the only way I can see is that you would have to defer settlement for that until you could obtain a chemical analysis; that is so far as I can see it now. On the other hand, if you had a notation system like we have, you could buy from that man on a basis of physical examination and make a settlement on the basis of grade, then and there. With the premium system in the grade requirements, with protein incorporated in the grade requirements, you would have no premiums, it would simply raise the price of your wheat; but on a notation system you would have premiums, and that is where we use this plan of carrying it back to the producer after we have secured an analysis and after the premium has been registered for the different lots, that is, for lots carrying varying percentages of protein at the terminal mouth.

Q. Then following your suggestion there in the use of the notation system; from what you know of our system of grading and storage in Canada, could we make much use of that?—A. Of the notation system?

Q. Yes, in this country.—A. You know, Mr. Coote, I rather hesitate to express opinions because I am not familiar enough, what I know of your system has been caught on the wing yesterday and to-day.

Q. Then if I may be permitted to ask you another question; the bulk of our wheat, of course, is handled on certificate, it is practically all sold on certificate. We have a large quantity of wheat to handle in a short time. Although there is provision in our Grain Act for a sample market, I do not think the Sample Market has ever been established unless it is for a certain amount of off-grade wheat. Under those conditions would it be difficult to bin wheat so as to gain some advantage from the notification system, that is notifying on that certificate the percentage of protein and endeavouring to bin the wheat of a certain protein content together? Would it not appear to you that it would be very difficult for us to bin all these different wheats separately?—A. Especially at your large terminal points.

Q. At Fort William and Port Arthur?—A. Right at first, understand that any statement I make now has been very superficially considered; but my first impression would be that it would be possible to work out a system where that can be done. For instance, let us approach it from this view point, that we have in Europe, in England, a number of buyers who have suddenly developed the necessity of securing a half dozen cargoes of wheat containing a certain percentage of protein, and they send this cablegram out here saying —“We want six cargoes of wheat of a uniform 13 per cent protein content and are willing to pay 20 cents a bushel premium above Liverpool price for No. 3 Northern for it.” How long will it take you? Are you pool men going to let that bargain slip? Is your grain trade going to let that chance go by? I do not think you will.

*By Mr. Brown:*

Q. Is that not the first thing for us to establish, that there is a desire in the Old Country market to get wheat of a high protein content? Failing the indication of any such desire, what can we do?—A. I hesitate, gentlemen, to go into this, because I realize that I am treading on water, in a way, or probably skating on thin ice, and certainly talking without investigating. But if I were

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any one of you Canadians, interested in the wheat trade either in Parliament or connected with one of your marketing organizations, I should certainly try and open that door; that is I should certainly try and see if there is not a real natural path there. That would be one of the first things I should do, considering that 80 per cent or more of your wheat is exported, and a good deal of it exported to Liverpool, by far the biggest share.

*By Mr. Coote:*

Q. I would like to ask you another question after you are through, on something with which you are probably more familiar.—A. May I ask, does that answer your question?

*By Mr. Ross (Moose Jaw):*

Q. One other question on that same thing. We were talking about the samples taken in country elevators. What is the regular charge to-day for the determination of protein in a sample?—A. Our standard charge is 75 cents per sample.

Q. That would mean a sample from a load or two, or it might be a sample from a thousand bushels?

Q. That would not make any difference. They take about twenty grams and digest it. They actually run it in duplicate so that if they get any wide variation they will re-run it.

*By Mr. Millar:*

Q. Before you change the subject, I would like to ask you another question on what I think is really the crucial point, a matter on which above all others, I think, we wish your advice. I do not think we have reached bed rock yet. At the present time, you could easily understand that in connection with our system, differing from your own, the country grain buyer when a load of wheat comes in, less than a car load, is under the necessity of deciding for himself what grade he is going to get, before that ever reaches the inspection point. Usually he does not send any sample of it, but he uses his own judgment, and he arrives at the grade on the weight per bushel and the hard, red, vitreous kernels and so on. He takes a certain amount of risk in that, and sometimes he loses a grade. Now, if he were under the obligation of grading the same grain under a slightly different system, a system in which instead of the hard, red, vitreous kernels a chemical test would have to be made, although the objective would be the same but under a little different system, do you think the risk to the country buyer, after he has had the training of which you speak, would be such that he could not buy that at all, or would he be willing to buy it, leaving a certain margin for safety, in case he makes mistakes?—A. I certainly think he would leave some margin there. One of the big difficulties that I can see, where a man would be buying on a grade where protein content would be incorporated as one of the requirements, is that he is under the necessity of immediately binning it, and he has no way of telling accurately, excepting by the one thing which I have mentioned. It has to be binned right away. On the whole, we find in South Dakota that our elevator man does not apply the grades too closely. I do not know how it is with you people.

Hon. Mr. MALCOLM: The same thing, Mr. Schnaidt.

Mr. COOTE: Sometimes.

Hon. Mr. MALCOLM: The grade is always on the safe side.

The WITNESS: One of the common criticisms against our standards is that they are too technical. Now, when you incorporate premiums on proteins into the grades, you are making them decidedly technical.

[Mr. W. F. Schnaidt.]

*By Mr. Millar:*

Q. That is, it becomes a little more so?—A. Yes, sir.

*By Mr. Coote:*

Q. Was there not considerable agitation in the United States to have protein content incorporated as a requirement?—A. Yes.

Q. Was there not a bill in Congress?—A. Yes, there was; I think the Burgess Bill entertains that plan of incorporating protein content in the grade. The other plan that is being put forward by Senator Walsh of Montana approached it from a different standpoint, with an idea more like an appeal system of testing; but there could be more than that done under the Walsh law.

Q. Then I was going to ask you if you would care to express an opinion as to which would be the one for us to adopt, if we do find there is some advantage in adopting protein content in wheat, somewhat like the moisture content which is incorporated in the United States grades?—A. I can say frankly that I do not like to express an opinion, because of the fact that I have not given this matter enough study. You realize the position? I can tell you that I would as soon state what I think from what little information and study I have had, but I do not consider that my opinion is worth very much.

*By Hon. Mr. Malcolm:*

Q. In your system, you treat the protein content as the basis for a premium. If you did not have the local market, and if you were endeavouring to incorporate it in the grades, you would find it very much more difficult, would you not?—A. I would judge so.

Q. That would be our difficulty. You see the simplicity of your scheme is that protein content is the basis of the premium?—A. Yes.

Q. The market price is the grade of the wheat itself?—A. Yes.

Q. And the protein content is the premium? But here the suggestion was made to incorporate it in the grade and get our price out of the grade.—A. Yes.

Q. Would you not find it more difficult to incorporate it in the grading?—A. I think our system is simpler. We can apply it just to that extent, and the beauty of it is that it has possibility of a light touch, you see.

*By Mr. Brown:*

Q. You said, I think, this morning, that practically all your high protein content you use at home, and you export the low?—A. Yes. You have a different proposition here. May I make one statement before we change? The grade factors that you now use in Canada, as I understand it, and particularly in the United States, indicate the yield of flour pretty definitely. They also indicate some quality. You have tried to get at that in your variety requirements and also in the percentage of hard red vitreous kernels. The quality, however, is best indicated by your protein test; that is probably the best single indicator of the quality of the flour, while your grades are a pretty reliable indicator of the yield of the wheat in the form of flour.

*By Mr. Ross (Moose Jaw):*

Q. Under our present system of selling grain on the European market, you would say that the Canadian grain trade has passed by one of the best sale talks that they have with our wheat, in not trying to put forward the high protein content of that wheat to the buyer on the other side?—A. Well, I do not know whether you have passed it by or not. I would say that I see a possible opportunity. This thing is not very old yet, it has not got any grey hair. I would say I see an opportunity and I am going to investigate and see what is at the end of the lane.

[Mr. W. F. Schnaidt.]



*By Mr. Bancroft:*

Q. Is it not possible that the Old Country buyer knows that now and is buying on that basis?—A. Yes, it is possible in the same sense that our millers used to do that.

*By Mr. Donnelly:*

Q. Have you any idea of the price that Americans receive for their exported spring wheat to the Old Country?—A. No, I do not know. The only way by which I can judge is that we consider our No. 1 dark Northern about equal in quality to your No. 3, in a general way.

Q. And you do not know how the price of that in Europe compares with ours?—A. No. I know nothing about the actual export sales, but I notice that our futures, and our contracts and our grade in Chicago to-day, or yesterday, correspond pretty closely to your No. 3 Northern. I think exactly the same price was offered at Minneapolis for our No. 1 Dark Northern as your cash sales for No. 3 Northern at Winnipeg, that is, \$1.11 and a fraction. I glanced at that very superficially, but ordinarily we consider that our No. 1 Dark Northern is about the same quality as your No. 3. I think probably our No. 1 Northern will be in there too, because your No. 3 has a wide range. There is a variation there of as high as eighteen cents, I think.

*By Mr. Millar:*

Q. A moment ago you gave a reply to the Hon. Mr. Stewart that the notation system that you have adopted in the United States would seem to you to be simpler than the other. Did you intend that to apply more generally? It seems to me that in many ways the system here is much more simpler. For instance, when it comes to binning we would have no difficulty whatever in that respect. If we had a notation system it would be necessary to segregate the different qualities of protein, and segregate it clean through, through the boats and elevators, right through to the Old Country. Then again when it comes to hedging we have no such difficulty as that. A lot of difficulties disappear with the factor system. Would you say that generally for Canada as well as for the United States your system would be the simpler one?—A. I have been saying right along that I do not care to discuss that because I have not given it enough study, and I am not in a position to give an intelligent answer. But I believe that the notation system is the simpler one, the easier one to start with; it has a more delicate touch, in this way that you are not losing anything, you take no chances in starting to apply; and another thing you can put notations on there and they do not hurt anyone.

Q. We are afraid of this, Mr. Schnaidt: just as soon as the government places a notation on the certificate of the protein, it will help the mills themselves who are already skimming the cream; it will help them to pick off more at the government's expense, so that really what goes overseas as the basis of price would not be any better, or possibly not as good as it is now, and the farmer would not get any more. It would be hard to work out?—A. I think it is something that would require considerable study. I wish I were in a better position to go into it. I would just like to pitch into something like that.

Q. I think your system suits the United States better than the other, but with Canada, I think it is the other way about.

*By Mr. Coote:*

Q. Put it this way, Mr. Schnaidt: if more than 90 per cent of your hard spring wheat were (was) being exported do you think that this notation system would really be of very much benefit, that is, with 90 per cent of it having to go on to the terminal elevators?—A. That is the same old question in a different

[Mr. W. F. Schnaidt.]

form. As I see it, and as I have already said it needs some study before giving an off-hand arbitrary answer. My inclination would be to say that the notation system would be easier to work with and with the least risk, but I would rather not go on record as saying that because I have not given the matter enough thought.

*By Mr. Millar:*

Q. Have you anything to say about the plan they are suggesting in the States, that is, having bins on farms the wheat weighed and examined, and a sample taken and sealed? I notice that in the report of the Research Council that that was mentioned as a proposition that has been suggested, but not put into practice, I believe?—A. We have in South Dakota a credit law, that is, a warehousing law, and that is also being discussed in connection with our farm relief program, whereby a farmer may store his wheat under seal and under inspection by representative of the government probably, and in such a case where he would have a credit advancement, I would say, of 75 or 80 per cent of the value there, the farmer could hold it on his place. That storage interval would give him a chance to get that wheat tested. This is the first time I have heard of the suggestion in connection with protein, but I can see where the opportunity certainly offers, whether a man puts it under government seal or whether he puts it in his own private bin and gets no loan on it. I do not see the connection there where there would be any particular advantage in that, and I would say the proposal to lock it up is in order to protect the loan rather than to protect its protein content, so that it does not disappear.

Q. Have you anything of this nature among your schemes down there, where an operator of an elevator would set apart a bin and he would say to his customers, "according to my judgment, I am going to place into that bin the grain that I believe would grade A.1 Northern," that is, speaking of street lots, small lots, five hundred and a thousand bushels, and then those who placed the five hundred bushels in that bin would be paid a pro rata price on the basis of what a carload out of that bin would bring. Have you anything of that nature at all?—A. I have a copy here of the plan I originally worked out, Mr. Millar, in which we pool the protein premiums. I wonder if that is what you have in mind? Under this plan, we would be paying a man for street wheat according to the grade of his grain at the time of delivery, but we pool the premium for a certain period and then distribute according to the amount of money; say, for a month, or two or three months, we would take in so many dollars, and we have a total of so many bushels. The tests will vary for those different deliveries, and the total premium taken in, according to the number of bushels—for instance, I have a note here of the percentage above the base protein content; this year, it would be 12 per cent—times. The number of bushels would be the basic unit to be used for distribution of this total premium fund. Now, with that, let me read here: Farmer A delivers 2,000 bushels of 13 per cent protein wheat; farmer B has 500 bushels containing 12.4 per cent protein; farmer C has 900 bushels containing 11.6 per cent protein; farmer D has 200 bushels containing 14.53 per cent. In this particular example I used ten per cent because it was easy figuring. By multiplying the amount of protein over and above ten per cent there, for each man's delivery, in the case of farmer A with 2,000 bushels, it would amount to 3 per cent or 6,000 pro-rating units, and so on down the line. For the purpose of illustrating the point further, I took \$300 as the total premium fund; our total pro-rating units amounted to 9,546. By dividing this into \$300 we get 3.14 cents per unit. That is the value of the unit, and we just carry it out and we find that farmer A, with his 6,000 units gets \$188.40; farmer B gets \$37.68; farmer C gets \$45.22; and farmer D gets \$28.45. That totals up \$299.75.

[Mr. W. F. Schnaidt.]



That is my plan, gentlemen, and, of course, it was turned down because it was just too nice. I think it would work best where you have ideal conditions, or with a pool. This is the plan that I certainly would use where you are marketing on a pooling basis.

Q. That is the plan that you said you would leave with us?—A. I will leave that.

Mr. MILLAR: Nothing has been done to have it incorporated in the evidence, Mr. Chairman. I would therefore move that that plan be incorporated in Mr. Schnaidt's evidence.

The WITNESS: There are two different plans here.

*By the Chairman:*

Q. Would you recommend that just one be incorporated, Mr. Schnaidt?—

A. Well, they really ought to go together. I should think your sub-committee, or some group that is particularly interested would want to go pretty carefully over both.

Mr. MILLAR: I would make a motion that those two plans be incorporated in the evidence.

The CHAIRMAN: Those plans will be incorporated in to-day's proceedings? Are there any other questions?

Plans printed in appendix to to-day's evidence.

*By Mr. Millar:*

Q. I would like to ask one question. You can see how difficult our problem is in connection with the street wheat. Are you of the opinion that it is impossible of solution, or if we simply grapple with the problem do you think it is possible for us to work it out?—A. If I had this situation where I live, with my present job, I would like to tackle it. That is the way I feel. It is a real problem, but I do not think it is impossible of solution. Now, I do not think that your problem is out there in the country at present, your problem is at the other end, and once you get your contact and get it started out there, it is a matter of pushing it back to the country. That cannot be done so quickly. I want you gentlemen to understand that we are not buying and reflecting the protein premium to the individual farmers in all our elevators, nor in half of them. To the individual farmer in a great many elevators on account of this work where we were not reflecting any, we are reflecting it now on a station level, in many places and in other places we are reflecting it on the basis of this plan, according to each man's test. I would like to read two letters to you. Both of these letters are from elevator operators who started last fall to buy wheat on the plan this Committee recommended, and which I presented to you this morning. (Reading):

JAVA, SOUTH DAKOTA, April 20, 1929.

Mr. W. F. SCHNAIDT,  
Brookings, South Dakota.

DEAR SIR:—We have your letter of April 16 in regard to buying on protein and want to say that we did only buy on protein basis for three months. In fact our wheat averaged about 12.50 in protein so we elevator men in our town came to the conclusion to pay 5c. over card, that is 5c. over Dark Northern.

Yes, we had some difficulty with some farmers that had a low protein test and there is another thing I have found that the tests that are made for protein vary. We had one farmer's wheat in a quart jar—as he hauled in we took one cover full of each load (I said cover—the cover of the mason jar) he had hauled in 1,163 bushel and we took it out of [Mr. W. F. Schnaidt.]



the jar and mixed thoroughly then we sent in a sample and had a test made for protein. When we got the returns the test was 12.10. When that farmer came in we showed him the certificate of his protein test and he said you fellers are nuts. When asking him what his reasons were for talking like that he said that he sent in a sample of that wheat and his certificate showed 13.20 protein. Well we took another sample out of our jar and sent it in to have another test made and the results was 13.10. So you see there was a difference of 9c. per bushel from our first test and the second test.

Another farmers wheat tested, first 12.80 and the second test out of the same jar same sample 11.90. So that is the reason that we are not 5c. over our market card.

I think each station should get as near as possible the average of the protein and pay according to that average. I think it would be more the best for all concerned—to the buyer as well as the farmer, because Mr. Jones may have 12.70 protein wheat this year and Mr. Adams may have 11.70 protein wheat. Next year Mr. Adams may have 12.70 protein and Mr. Jones 11.70, so in two years time it will be all the same.

I think we this coming season will find our average protein and pay accordingly.

Yours truly,

WM. KUNZ, *Manager* (Signed).

NOTE: If it is agreeable I would prefer to have the name and address of writer deleted in printing. Also the references to the stations.

W. K.

That is this man's conclusion. Now, I happened to talk with one of the directors, in fact the President of the Board, and he told me that the reason they quit buying on the protein basis was because the other elevators in that town paid on the basis of station level, and were drawing their business away. Now, here is the other letter, if you want me to read it. It has the same heading but from a different party. (Reading):—

EQUITY UNION EXCHANGE

SELBY, SOUTH DAKOTA, April 23, 1929.

Mr. W. F. SCHNAIDT,  
Brookings, South Dakota.

DEAR SIR,—Your letter received regarding the question of buying wheat on the protein basis. I will try to give you some information on the situation as we have found it and hope that it may be of some value to you.

We have taken an average sample from the loads as they were hauled to the elevator and when we were informed that the field had been threshed or that the certain bin had been emptied we would send the sample in and have the test made of it. We have tried to make it clear to the farmers that there was quite a variation in fields and that each sample sent in should come off of just one field or from the one bin in case it had been put in the bin before hauling. We find that taking the samples during threshing is not as difficult as it is during the winter when they are hauling just a load or two at a time. Sometimes the farmer says that this is off of a certain piece of ground that happened to have a high protein test and he thinks it is foolish to send the sample

[Mr. W. F. Schnaidt.]

in again for a test. This may be from the high protein field or it may have come from some other field. On account of the tests varying as they do it sometimes causes hard feelings in case the second sample does not test as much as the first.

The point is that sometimes a farmer tries to tip the game, or cap the game.

We have not had much trouble with our customers considering it being an entirely new system of buying. I believe that if all the elevators would buy on this basis that the farmer would be just as satisfied with the protein tests as he is with his cream tests. It would make him more particular in picking out his seed and would cause them all to raise a better grade of grain.

I have averaged the samples as they were sent in in the sample cans and find that from our station here that the average is 12.55 and the average protein of the cars shipped to date is 12.40. At our station at Sitka the average as sent in in the cans is 12.03 and the car average is 12.00. This shows that our shipments are holding up well with the can samples. We pay on the figure ending in 5 or 0. Say that the sample tests 12.30 we pay for 12 protein, that is, we come down to the 0 or 5 so we get some break there which helps our margin some. If a sample is 12.90 we pay only for 12.50.

On our quarterly audit our figures show that our gross profit per bushel is a trifle more than last year when the wheat was not bought on the protein basis. Protein buying causes quite a bit more book work to the elevator men and for that reason I believe the elevators will keep from buying on that basis as long as possible. Three of our surrounding towns started buying on protein last fall but changed to a straight premium after threshing.

That is, to a station level.

*By Mr. Vallance:*

Q. The elevator company say that they are making more profit. What we are trying is to get the profit back to the farmer?—A. This is a farmers' elevator, and if there is more profit made, I would say it is from more careful marketing. Sometimes a profit is made not so much upon the quantity you have to sell but by getting more for what you have to sell.

We are apt to lose some of our customers who live about the same distance from either town in case their protein is too low to demand a premium from us.

The reference there is to where the other town does not buy on an individual protein basis, but on station levels.

That is one disadvantage of the protein buying when the other towns do not buy the same way.

This man has brought out the weaknesses and difficulties. I asked him to do that. We want to find out where the weaknesses are, before we sell the next crop.

We charge the farmer for the protein test and take it out when he checks his grain. We charge \$1.00 for the test while we are only charged \$.75 by the laboratory. The \$.25 helps make up the can cost, stamps and once in a while we fail to make a charge.

I believe that if all the elevators of a territory would buy on the protein basis it would make it a whole lot easier for all and the farmer would get educated to it the same as with cream tests.

[Mr. W. F. Schnaidt.]

I will close for this time and trust that this little information may be of some good to you in your work. Any time that we can do anything to help you in this line of work we will be glad to do so.

Yours respectfully,

(Signed) A. H. HOVEN,  
*Manager.*

This elevator was one that ranks well up in our State. The one I referred to this morning, with a similar experience, made a little more money and satisfied the farmers, but they had a few kicks. Both elevators are operated by young men who are working into the game, and who will be leaders in a few years from now. You always have in every community a class of farmers who will take the immediate penny and not see the three or four pennies farther away. So there is that situation.

Another situation that might be of interest to you is this: we had in a certain town, Plankinton, South Dakota, fourteen per cent wheat last year. That is about what they got on their out shipments. As you went south from that town, down to Stickney and Corsica, the protein content gradually decreased until you got down about fifty miles or so, where they had about eleven or twelve. The buyers at Plankinton bought on a basis reflected in the station level, and bought what wheat we had at what it was worth, and men down there drove through their own towns and delivered it there.

*By Mr. Millar:*

Q. To get the station level?—A. They did not know what the dickens it was. It was a higher price. This came out at meetings I held all over the State, with the elevator men. It developed that the high protein was in a different town, and of course they always try to play the game. If we get the elevator man and the farmers as well to work this way, it will solve a lot of problems they have to meet there.

Q. That is where the factor system would have an advantage over the other; in making the protein content a factor those difficulties could not occur?—A. I think it is a thing that is worth looking into, certainly, and pretty carefully, too. I am not in a position to say whether the notation system or the factor system is the best.

*By Mr. Vallance:*

Q. It seems to me that your condition being so vastly different from ours with the tariff keeping wheat out; it would be easier for your country to impose a protein content than it is for ours, because such a vast percentage of our wheat has to find a place in the world's markets. We are in too keen competition; you can demand it from your buyers, because they cannot go over the tariff wall?—A. The fact of the matter is that the buyers themselves made this price. It was not the farmer that established the price; it was not the farmer's marvellous ability, by a long way, that got his protein premium for him.

Q. But had the farmer been privileged to go outside his own country and buy wheat?—A. Yes, it was the tariff that did it.

Mr. BROWN: Mr. Chairman, from the manner in which our meeting is being carried on, I think we ought to bring it formally to a close. No doubt Mr. Schnaidt will be glad to give any private information he may possess. Before we close, I would like to express the appreciation of the whole Committee for the very interesting information we have received from Mr. Schnaidt, and for the courtesy of the institution he represents as shown to their Canadian brethren, in allowing him to come here and say what he has said. I can say

[Mr. W. F. Schnaidt.]



that as Canadian agriculturists, we will be glad to reciprocate at any time. We have able men in various parts of the country, and they will be glad to go to Mr. Schnaidt's country and give such information as they possess. I move a vote of thanks be tendered to Mr. Schnaidt.

The CHAIRMAN: On behalf of the Committee, I wish to thank Mr. Schnaidt for his kindness in coming here, I may say that the lack of attendance at the Committee is not due to any lack of courtesy towards him, nor to a lack of interest in the subject he is discussing; it is due to the fact that the House is in session, and that there are a number of our members engaged there.

WITNESS: I thank you for your kind remarks. I am only sorry I have not been able to give you a little more than I have given. I realize that it is a big problem, and it has to be built up really around the knees of the situation rather than to plan something to be done.

The witness retired.

The Committee adjourned until Wednesday, May the first, 1929, at 11 o'clock, a.m.

## APPENDIX

FILED BY WITNESS W. F. SCHNAIDT

A PLAN FOR REFLECTING PROTEIN PREMIUMS FROM THE  
LOCAL ASSEMBLING STATION TO THE PRODUCER

By W. F. SCHNAIDT

*The Problem*

Farmers in the wheat producing areas are becoming familiar with the fact that millers pay premiums on wheat of high protein content and that this premium is not reflected directly to the grower. Some elevator managers spread the increased price received for high protein wheat over all their purchases and thus return it to the growers but not necessarily to those individuals that produced the particular lot of high testing wheat. Other wheat buyers, depending on local circumstances, may not reflect any of the premium money so received or only a part of it.

Individual farmers are beginning to ship wheat direct to market in order to obtain the benefit of high-quality wheat for themselves. This practice has been a paying one in more cases than otherwise and it is expected that if protein content continues to be a price factor, as it very likely will, the practice of direct shipping will increase rapidly.

The problem of how to reflect protein premiums directly to the producer by a method that will not be costly or difficult to operate is engaging the serious thought of those responsible for assembling organizations dealing directly with the producer. The plan proposed here is hoped to provide a basis for working out such a practical method.

*Information Relative to the Problem*

1. Protein content is not a grading factor.
2. The percentage is determined by chemical analysis.
3. Crude protein content of wheat has a high correlation with quality of protein content in flour.
4. Premiums over grade prices are paid for protein content at terminal markets on cash wheat.
5. Other qualities such as test weight, colour, freedom from mixtures, etc., also become premium factors.
6. The amount of premiums in cents for each percentage of protein above average vary with different years, depending chiefly upon the protein content of the main crop of milling wheat. Premiums due to other factors vary in a similar manner.
7. Protein premiums vary also within the same crop year. This is probably due to acquirement of knowledge in regard to millers' needs and the amount of high protein wheat available.
8. Protein content of wheat used in flour manufacture determines the "strength" of the flour or the ability of the dough to hold the gas produced by yeast and consequently the lightness and texture of the bread and the size of the loaf that may be baked from a given amount of flour.

This is particularly important in commercial bakery manufacture of bread where uniformity of product depends upon uniformity in the flour with respect to protein content.

9. The use of high protein wheats by millers to blend with low protein wheats brings about the situation where they are willing to pay premiums for high protein wheat.

10. There is a wide variation in protein content of wheat from different sections of the spring wheat belt. Such variations also occur between different localities, between different farms, between different fields on the same farm and even within the same field.

Variations also occur between the time when wheat is ripe and when it is threshed.

11. Individual farmers are becoming familiar with the protein characteristics of wheat and the price relationship of this quality. Such growers are seeking for a method of securing the premium for themselves rather than to have it distributed over all the wheat handled by the marketing agency or kept as a part of the operating profit.

This is bringing about the practice by farmers of shipping direct to market. It is probably that, as more farmers become familiar with the matter of proteins and learn their way to market, direct shipments will increase and thus reduce the volume of wheat handled through elevators.

#### *Summary of Proposed Plan for Reflecting Protein Premiums*

In general, the proposed plan consists of the following phases:

1. Wheat would be handled at local assembling stations on the basis of grade only.

2. A composite sample of the wheat marketed by each grower would be secured and tested to determine the average protein content of each grower's wheat.

3. The protein premiums secured by the elevator over and above the grade price would be held in a separate fund by the elevator.

4. At predetermined dates, probably November 1 for the end of the threshing season, and again at the close of the fiscal year, the total amount of premium money would be pro-rated to each producer on the basis of the tests for his composite sample.

#### *Details on Plan for Reflecting Protein Premiums to Grower by Marketing Agency*

1. *Buying wheat on basis of grade.*—Base terminal price to be used for each grade to be determined for elevators buying wheat. For pools this presents no problem as the premium can be distributed to grower according to protein differential.

In case of organizations purchasing wheat outright the current future price might be used as a base if it were correct to assume that all premiums above this are due to protein content. This, however, is not the case. Future prices contemplate a grade line quality and there is considerable variation in cash prices for wheat of the same grade due to such factors as test weight, hardness, colour, mixtures, etc. It is probable that an average allowance should be made for such premiums to be subtracted from total premiums on cash grain above future prices.

2. *Composite sample test.*—The average protein content of each grower's wheat could be secured by the marketing agency in the following manner. A fair average sample can be taken out of each load by the station operator, as it is being dumped, and placed in an air-tight container. A two-quart fruit jar with rubber washer would serve the purpose of a container for most farmers. In case of large growers, several such jars may be used. The sample should be uniform for the load and approximately in proportion to the amount of wheat. The container should be air-tight in order to avoid drying out of the sample and thus bring about a variation between the test of the sample and the grain marketed. The whole sample so taken would be a fair average for a grower's delivery.



After each grower is through hauling, as, for instance, at the end of his threshing run, the elevator operator would thoroughly mix all of the grower's load-samples and send a small portion—probably a pint in an air-tight container—to a testing laboratory for analysis keeping at the same time the remainder on hand for possible future re-checks.

In this manner a fair test could be secured for each grower's wheat and a record could be kept for the amount of delivery and the percentage of protein.

The cost of the analysis would probably be not over \$1 for each grower including transportation charges and could be paid for by the grower out of his share of the premium money.

3. *Holding of protein premium receipts.*—In case of buying organizations, the operator would keep all receipts of money for premiums above the base price in a separate fund for future distribution.

4. *Pro-rating premiums.*—At predetermined dates the total amount of premium money would be pro-rated in accordance with the amount and the test for each grower's wheat. For example, taking 10 per cent protein as a base, the problem would work out as follows:

NOTE: Percentage above 10 per cent x number of bushels=Basic Unit.

	Amount delivered	Test	Pro-rating units
Farmer A.. . . .	2,000 bu.	13%	6,000
Farmer B.. . . .	500 bu.	12.4%	1,200
Farmer C.. . . .	900 bu.	11.6%	1,440
Farmer D.. . . .	200 bu.	14.53%	906
Total.. . . .			9,546

Taking \$300 as the total sum received as protein premiums  $\$300 \div 9,546 = 3.14$  cents per unit.

Farmer	Units	Value per unit	Share of total premium
A.. . . .	6,000	×	3.14 = \$188 40
B.. . . .	1,200	×	3.14 = 37 68
C.. . . .	1,440	×	3.14 = 45 22
D.. . . .	906	×	3.14 = 28 45
Total.. . . .			\$299 75

It will be seen that by this method of pro-rating the premium money the marketing agency takes no risk in possible losses due to variations between tests of samples and tests of wheat sold. He simply reflects his premium receipts to the grower in proportion to the amount of grain delivered and the analysis as shown by the test of the sample.

Two questions may arise here:

(1) Should 10 per cent wheat be taken as the base or should another figure be used—possibly the terminal market average?

(2) What share of the total premium money is due to protein and how much is due to other factors. If premiums are due to other factors, can the proportion be established and the amount be taken out of the total premium receipts?

Dates for pro-rating could probably be set at close of threshing season which would be around November 1 and again at close of fiscal year for stored wheat. It has also been suggested that pro-ratings could be made for each month.

It is believed that this method of reflecting protein premiums should work out in a fairly equitable manner, and apparently is not unduly cumbersome or expensive. It would require no great amount of book-keeping and would not entail much extra labour during the busy season. With the exception of actually taking samples from the wagon, all the work connected with it can be done on other than delivery time.

It has been suggested that a buying station could utilize this system for those growers who wish it and continue to use the present system for those producers who wish to make a complete sale at the time of delivery.

## A PLAN FOR DISTRIBUTING PROTEIN PREMIUMS ON WHEAT FROM THE LOCAL MARKETING AGENCY TO THE INDIVIDUAL GROWER

PREPARED BY

W. F. SCHNAIDT, *Marketing Specialist Extension Service, South Dakota State College*

Millers have been paying premiums above grade prices for a number of years on wheat of high quality. In the natural course of market procedure such premiums come back to the marketing agency that assembles the shipments at country stations, but they are not paid out directly to the grower who delivered the high-quality wheat. Wheat, like other grains, is marketed on a basis of grades. Because the protein content is not one of the qualities that is considered in determining grades, this character has not been considered in basing prices on lots of wheat delivered by individual growers. Many marketing organizations, however, are distributing such premiums, or a portion of them, over the average grade price paid at their station.

Under this practice there exists the condition that a producer who delivers wheat of low protein content may receive a higher price per bushel than he is entitled to receive while another grower delivering high-protein wheat may receive less than he should.

This practice is recognized by marketing agencies and producers as being inequitable, but there are serious difficulties to be met in an attempt to establish a workable method of marketing wheat that is fair to all concerned. Efforts have been made by buying organizations in Montana and North Dakota to develop such a method; investigators of state experiment stations and of the United States Department of Agriculture have given careful study to the problem; chemical laboratories, both governmental and commercial, have shed light on the subject and there is available at the present time a considerable fund of information on protein in its relation to the market price of wheat.

This plan of a method by which a local grain marketing agency may return premiums, which are paid by millers for high-protein wheat, to the grower who produced it has been given careful consideration by a committee selected at a conference of grain growers and representatives of marketing agencies, of the United States Department of Agriculture and of the South Dakota State College. The committee consisted of **practical grain men and representatives** of the State College Extension Service. They had the assistance of members of the United States Department of Agriculture and also had available a fund of information assembled from various sources as indicated above.

The method is believed to be workable without undue hardship either to the marketing agency or to the wheat grower. It is hoped that a number of buying agencies may give it a fair trial. Experience and increased information may point ways of improving it and of adapting it to local conditions.

### *Information in Regard to Protein*

Protein is a term used for a substance contained in the wheat kernel and in flour which determines the water absorbing power of flour, the raising qualities of dough and the size of the loaf in bread. In flour it is called gluten and is familiar to every farm boy in the form of gum which he makes by chewing wheat. Bakers buy bread flour on the basis of the percentage of gluten it contains and require a flour containing about  $11\frac{1}{2}$  per cent of this material for bread making purposes. For biscuits and pastry, a flour of lower gluten content may be used, while for crackers a low-gluten flour is desired.

The protein content varies with different types of wheat. Durum wheats contain the most protein. Next in order comes Red Spring Wheat, Hard Red Winter Wheat and Soft Red Winter Wheat. Protein varies in quality and the kind of protein found in Durum wheats is not suitable for bread making purposes.

The protein content of wheat varies also from year to year. In some seasons, as in the 1927 crop, the average protein content of wheat is low and there is a shortage of wheat that will mill out into a high-gluten flour. Millers find it necessary under such circumstances to secure quantities of high-protein wheat for the purpose of blending with other wheat in order to produce the kind of flour desired by bakers. At such times they are willing to pay premiums above the grade price for wheat containing more than the average amount of protein. During the present crop year (1927) premiums of as much as 50c per bushel were paid for shipments of very high protein content. On the other hand, in the 1926 crop there was a fairly good supply of protein and millers had to secure only enough high protein wheat to blend with a comparatively small proportion of the crop that was below the average. Premiums for high-protein wheat were not large and at times no premium at all was paid.

The protein content of wheat varies also as between different sections of the country, between communities, between farms tributary to the same shipping stations, and even between fields on the same farm and within fields.

Investigators have found that these variations are due to differences in the temperature, in the amount and time of rainfall, in the richness of the soil, in the kind of crops previously grown on the land, in the variety of wheat, and due to disease, particularly black stem rust, and to the stage of maturity when wheat is harvested.

At the present time no reliable method of quickly determining the protein content of wheat by physical examination is known. The percentage of protein is determined by a chemical test that is very technical. The operator of a country grain elevator has neither the equipment nor the training to make such tests and he has no accurate means of knowing how much protein a particular lot of wheat contains at the time it is received at the elevator. If he had such a method the problem of buying wheat on its protein content as well as on the grade basis would be much more simple.

Furthermore, because of a limited number of bins, the elevator operator finds it necessary to mix the wheat from a number of growers and a delivery of low protein wheat may destroy the premium value of a lot of high protein wheat. For example a load of 12 per cent protein wheat, worth probably 10 cents premium per bushel, mixed with a load of wheat containing 10 per cent protein would result in two loads averaging 11 per cent which ordinarily would have no protein premium value on the market. If the elevator operator could make a fairly close estimate when he receives wheat, much of this difficulty could be avoided.

Spring wheat, being ordinarily higher in protein content than winter wheat, is used for blending with such wheat. A big share of the South Dakota crop usually comes on the market soon after the winter wheat moves and before the



wheat from Montana and North Dakota reaches the market. At this time buyers do not have accurate knowledge of the amount of high protein milling wheat that will be available and may not pay as high premiums during the early part of the South Dakota crop movement as later in the year. Premiums have been much higher for protein since November of 1927 than they were before that time because the grain trade realized the shortage by that time. Farmers and grain buyers can well afford to get all the information available on the protein content of both the winter wheat crops and the North Dakota and Montana wheat crops as early in the season as possible. Such information will help guide farmers in their decisions whether to store their wheat on the farm or to sell it at threshing time.

The heavy movement of grain through elevators at threshing time almost makes separate binning impossible during this period and may destroy premium values on large quantities of wheat. This is particularly the case where there is wide variation of protein within the community delivering at the station. Growers who have previously found out that they have high protein wheat may find it very profitable to unload their wheat on the farm in anticipation of an increase in the demand for protein and, also, in order that such wheat may be marketed at a time when the elevator manager can handle it to the best advantage.

On the other hand, in years when there is a comparatively small carry-over of the old spring wheat crop, early deliveries of dry spring wheat usually sell to millers at a price close to that of old crop wheat. In the southern section of the state farmers often take advantage of this possibility and frequently sell their early threshed grain before heavy deliveries from other sections arrive. This practice is naturally more or less limited to the more southern section of the state.

It will be seen that there are serious difficulties to be met by both growers and marketing agencies in applying a method by which a grower of high protein wheat may reap the full advantage of the market. Growers may often find it advisable to harmonize their deliveries with the elevator operators' opportunity to handle such wheat to the best advantage.

### *Buying Wheat on a Protein Basis*

Under this method of handling wheat, the elevator operator pays the grower on the basis of grades only when the wheat is delivered. At that time he takes a representative sample of the grower's delivery, secures a protein test on it and pays the premium value after the report on the protein content is received. In order to operate under this plan it will be more necessary than before for the buyer to bin high protein wheat separately from wheat having no premium values. This phase of the plan is discussed farther on in the pamphlet.

### *Basis of Buying*

When wheat is delivered to the elevator under this plan it is bought simply on the basis of grade, as is the practice now, except that premiums are not figured into the station price. Those are paid after the wheat is tested for protein content. In order for the elevator manager to do this he will need to base his prices on grade values or on his "card" price if such service is used.

Many elevators now use the "card" published by a price quotation service as a base for their buying prices. These "card" prices are based on the minimum station values for each grade quoted, with the handling and transportation costs already deducted. Heretofore, the "card" has shown some protein values. These were based upon the results of previous shipments from stations

for which it was issued. Arrangements are now being made to have the "card" in the future quote minimum station values on grades only, or with both minimum grade and minimum protein premium values only. If premium values are included the amount is indicated. As a new and separate feature there will be added a quotation of the premium values for various percentages of protein above the minimum which is included in the grade quotations. These will probably be the lower range of the premium values current for the date on which the "card" is issued.

Because of possible loss through wrong binning, on account of fluctuations in premium values and, also, because of chances for error in testing, it will be impossible for elevators to reflect the entire premium values without taking unduly large risks. Until after some trial of this plan can be made it is suggested that the elevator reflect to the individual grower about 75 per cent of premiums current on the terminal market for the various percentages of protein above the non-premium qualities.

### *Collecting a Representative Sample of the Grower's Delivery*

In order to secure a representative sample of each grower's wheat for testing purposes it is necessary to take a small sample out of each load delivered. The composite sample must be accurately representative of the grower's delivery not only as to the quality of grain but also as to its moisture content.

The elevator operator provides himself with air-tight containers for each of his patrons. These may be the common two quart fruit jars or metal cans with air-tight covers. Each can or jar has the patron's name written on it. When a load of wheat is received at the elevator the operator takes a small handful or about four ounces out of each 50 bushel load. For large loads a proportionate amount is taken. Since protein tests are made on a dockage-free basis, the sample sent to the laboratory should be free from dockage and load samples can best be taken from the testing kettle. A sample taken with a wagon trier or Boerner sampler is more representative of the load than one taken from the top of the load and, also, better than one that is caught when the load is dumped.

The sample from each load for the protein test is placed in the air-tight container as soon as it is taken in order that the loss of moisture may be prevented. It should be remembered that as the sample dries out the percentage of protein increases. Since the number of bushels is figured with the moisture content as it is when delivered, the protein content should also be determined on this basis. A sample of wheat standing over night exposed to the air may readily lose considerable moisture and the test received from the laboratory would then show a higher percentage of protein than actually was delivered.

Thus, a sample of wheat containing 16 per cent moisture and testing 11.8 per cent protein would show a protein test of 13.1 per cent with the moisture reduced to 7 per cent. With 13.5 per cent moisture the same sample would test 12.2 per cent protein. When protein premium values are 10 cents for each per cent above average, say 11½ per cent, this difference in tests for the same wheat would amount to 13 cents per bushel in the first case and to 4 cents in the second example, even though the wheat in the elevator still contained practically the original amount of moisture.

When the grower is through delivering, the elevator takes the composite sample, mixes it thoroughly on a piece of canvas, divides it into small portions and puts some of it into an air-tight tin container for shipment to an official testing laboratory.

Here again the same care to prevent loss of moisture is necessary as before. Metal cans that will hold 8 or 10 ounces with air-tight screw tops are recommended by operators of testing laboratories. This amount will be sufficient



for both protein and moisture tests. Such cans can be secured from supply houses in quantity for about 3 cents each. A like sample could be given to the grower in case he wishes to secure a test himself,, and a sample should be retained by the elevator for possible rechecks.

The testing should be done by an official laboratory. The state of Minnesota maintains protein testing laboratories at Minneapolis and Duluth which make official tests on all shipments of wheat sold through those markets. These laboratories make tests for anyone desiring them. There are also private laboratories at these markets which may be used to secure rechecks if it is desired.

The cost of such a test is 75 cents. Postage should not be over 10 cents from any point in the state. The total cost of a protein test including the cost for cans should not be over \$1 per sample, which should be paid by the grower. The charge for moisture tests is 50 cents per sample, in addition, if they are desired.

Testing laboratories can make the analysis and send reports out the same day the sample is received. From many shipping points in the wheat area of South Dakota the returns can be secured through the mail by the elevator operator on the second day after the sample is sent. Reports by wire could be had on the day after the sample is sent to Minneapolis at many places in the northern section of the state.

After the report of the analysis is secured the purchaser of the wheat can complete settlement with the grower on the basis of the premium values for the day on which the wheat was received. For example, a grower's delivery of 1,000 bushels shows an average protein test of 12.5 per cent. Deliveries were made as follows: Four hundred bushels, say, December 10 when premiums for such wheat were 13 cents for each percentage over 11.5 per cent protein. Four hundred bushels were delivered on December 14 with premiums worth 10 cents per bushel for each percentage over 11.5 per cent and 200 bushels on December 20 with premiums at 6 cents over 11.5 per cent for that day. He has received the grade value of his wheat at the time of delivery.

The final settlement will work out as follows:—

400 bushels 1% over 11.5%	@ 13 cents =	\$ 52
400 bushels 1% over 11.5%	@ 10 cents =	40
200 bushels 1% over 11.5%	@ 6 cents =	12

Total.. . . . .	\$104
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The \$104 is the amount due to the grower for premiums on 1,000 bushels of wheat testing 12.5 per cent protein, delivered on three different days, with current protein premium values as indicated.

### *Binning High-Protein Wheat Separately*

When operating under this plan it will be necessary for elevator managers to use the greatest possible care to avoid mixing high-protein wheat with wheat of low protein content. The opportunities for loss in this connection present the greatest difficulty in buying wheat on a protein basis.

Premiums are not paid by millers for wheat of average protein content—neither is there a discount. During the 1927 crop marketing season these premiums have ordinarily commenced with protein content of over 11 per cent.

As was mentioned before, an elevator operator, by mixing high-protein wheat with wheat carrying less than average protein, may lose the premium values on a considerable quantity of premium wheat. Since wheats of the higher protein ranges are relatively more valuable than the lower premium wheats, some loss may occur here also by mixing. This, however, is not nearly so important as mixing with non-premium lots.



If an elevator operator could determine the protein content at the time of delivery much of the difficulty could be overcome. Because this cannot yet be done accurately it is recommended that a portion of the premium values quoted on terminal markets be retained by the elevator to cover losses due to faulty binning.

At least three bins should be retained for handling bread wheats under this method. Where grades or varieties need to be kept separate, especially when protein premiums are relatively low, more bins are necessary. One bin is used for off-grade and damaged lots; another bin is used for low protein wheat; a third is used for storing premium wheats; and if a fourth bin is available, it can be used for lots of wheat containing over 12.5 per cent of protein.

Investigations carried on by J. H. Shallenberger and D. A. Coleman of the Bureau of Agricultural Economics, U.S. Department of Agriculture, indicate that the per cent of dark, hard and vitreous kernels, the presence or absence of starchy kernels, together with the test weight, give usable indications of the protein content. Further investigations may develop a method of estimating protein content by physical examination closely enough for binning purposes. Until some method is available by which the elevator operator may readily make these determinations at the time wheat is received, the field survey method is recommended.

For the purpose of securing information which will assist him in binning wheat of similar protein content together the manager makes a protein survey of his trade territory. This is done when the grain is ripe but before it is harvested. Representative samples are secured from each field by taking heads from various parts of the field. These are threshed and the grain is sent to a testing laboratory for protein and moisture tests. With the aid of Miscellaneous Circular 28, "Tables for Converting Crude Protein and Ash to a Uniform Moisture Base," which may be secured from the U. S. Department of Agriculture upon request, these can readily be reduced to a uniform moisture base. Such a survey will be of great assistance to an elevator operator in deciding on which bin to use for a particular delivery. Information secured by this means may also help the individual grower in determining his marketing and storage operations, especially if information can be secured as to the protein situation in other sections of the United States wheat area.

#### *Premiums on Wheat Stored in the Elevator by the Grower*

It will be readily seen that the payment of premiums on stored wheat presents more problems than with wheat bought outright. Because of limited bin room it is necessary for elevators to ship to terminal markets much of the wheat received for storage during the season of heavy delivery. In such cases the elevator manager has the choice of storing the wheat at terminal elevators or he may sell it and buy contracts for future delivery. In the first case, where the wheat is stored in terminal elevators, it is redelivered on the basis of grade only, and any opportunity for premiums is lost unless special binning arrangements can be made. Under the second method, when the wheat is sold on the cash market, it frequently happens that at this season of the year premium values are low. Should premium values be high at the time the grower sells his storage ticket—later in the season—heavy losses would be incurred by the elevator if such premiums were paid to the grower. There is at present no method by which premium values can be hedged.

Farm storage of high protein wheat offers one solution for this problem. In ordinary years, as has been previously pointed out, South Dakota wheat marketed during the threshing season frequently comes to the market before premium values of protein are established and these may not be realized at such a time. Growers who wish to hold their wheat for future markets may be in better position to realize premium values if their high protein wheat is

delivered at times when the elevator is able to handle it most efficiently; that is, when premium values are established and when the elevator has bin-room and opportunity to handle wheat of similar values together.

#### STEPS IN MARKETING HIGH PROTEIN WHEAT

1. The elevator manager and the grower secure information on the protein content of the wheat in the field when it is ripe but before it is harvested.
2. When the wheat is delivered to the elevator a composite sample of each grower's delivery, made up of small samples from each load, is secured and kept in an air-tight container.
3. A portion of this sample is sent to an official testing laboratory in an air-tight can for a protein test.
4. Deliveries of similar protein content are binned and marketed together.
5. A first payment is made at the time of delivery on the bases of grade values.
6. Final settlement is made for protein premiums after the report on protein tests is secured, on the basis of 75 per cent of protein values at terminal markets at time of delivery.
7. High protein wheat may often be advantageously stored on the farm because frequently protein values are not established during the early marketing season. During the threshing season heavy deliveries of wheat make it extremely difficult for elevators to handle wheats with similar protein content together.

HOUSE OF COMMONS,

WEDNESDAY, May 1, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Gentlemen, we have this morning the Chairman of the Harbour Commissioners of Montreal, and certain of their officials, and I will ask Mr. Ferguson, the Assistant General Manager of the Government elevator, to take the stand.

Hon. Mr. MALCOLM: Mr. Chairman, before Mr. Ferguson gives his evidence, I would like to explain the memorandum which was submitted on April 19. At the time of submitting the memorandum I was unable to procure the quantity of low grade Canadian grain which went out of Montreal on open certificate. I now have the figures before me for the use of the Committee so that we will be better able to understand the situation. The statement I now have shows that about twenty million bushels of grain were shipped on open certificate, of which 2,197,000, or about ten per cent, was of Canadian origin.

The total shipment of oats on open certificate was about half a million bushels, the Canadian oats therein being about twenty-seven thousand bushels.

The rye shipments on open certificate amount to ten million bushels, and the Canadian rye used therein to one million seven hundred thousand bushels.

I would like to file this statement in the evidence as it is needed to complete the former statement. It shows that the amount of grain shipped out of the port of Montreal on open certificate includes not more than ten per cent of Canadian origin, and shows that this grain was of the lower grades.

The CHAIRMAN: The memorandum will be found on page 322 of our proceedings, and the supplementary statement now filed will be published in to-day's proceedings.

Mr. Malcolm also files a statement over the name of the Harbour Commissioners' Assistant General Manager.

HARBOUR COMMISSIONERS OF MONTREAL

CANADIAN GRAIN USED FOR MIXING WITH AMERICAN GRAIN IN THE HARBOUR COMMISSIONERS' ELEVATOR DURING 1928

No. 3 C.W. Amber Durum Wheat.. . . . .	Bu.	331,304
No. 4 C.W. Amber Durum Wheat.. . . . .	"	516,254
Tough No. 2 C.W. Amber Durum Wheat.. . . . .	"	15,056
Tough No. 3 C.W. Amber Durum Wheat.. . . . .	"	891,777
Tough No. 4 C.W. Amber Durum Wheat.. . . . .	"	4,000
Canadian Sample Durum Wheat.. . . . .	"	420,388
Sample Wheat.. . . . .	"	18,252
Total wheat.. . . . .	"	2,197,031
		=====
Tough No. 1 Feed Oats.. . . . .	"	5,000
Scalpings Oats.. . . . .	"	22,589
Total oats.. . . . .	"	27,589



Tough No. 2 C.W. Rye.. . . .	"	179,385
No. 3 C.W. Rye.. . . .	"	893,898
Tough No. 3 C.W. Rye.. . . .	"	281,407
Canadian Sample Rye.. . . .	"	369,719
Total rye.. . . .	"	<u>1,723,809</u>
Total Wheat.. . . . Bu.		2,197,0331
Total Oats.. . . .	"	27,589
Total Rye.. . . .	"	<u>1,723,908</u>
	"	<u>3,948,429</u>

*Assistant General Manager.*

MONTREAL, April 25, 1929.

ALEXANDER FERGUSON called and sworn.

The CHAIRMAN: Mr. Ferguson has a statement to make, and I would suggest that he be allowed to make his statement without interruption. Questions can be asked afterwards.

Some Honourable MEMBERS: Agreed.

WITNESS: Mr. Chairman, the statement I have here is composed of a few notes I have made in connection with the mixing of Canadian and American grain at Montreal, in order to bring before the Committee the facts in connection with what we are doing at Montreal. Our Chairman has advised me that there seems to be a misapprehension as to what is being done at Montreal, and that explains my presence here.

In the first place, all Manitoba spring wheat is binned separately according to grade at Montreal; there is no mixture of grades under any circumstances. All No. 1 Northern, No. 2 Northern, No. 3 Northern, No. 4, No. 5 and No. 6 Manitoba wheat is shipped out of Montreal on Western certificates as received, no mixing of any kind being done. There is no reinspection of these grades, nor is any seaboard certificate ever issued against them.

Comparatively small quantities of the following grades of Canadian grain are mixed with grain of United States origin in the Harbour Commissioners' elevators, and this is done under the supervision of the Board of Grain Commissioners' inspectors, but only on delivery to ocean vessels. This grain is graded on delivery to the vessel by the Board of Grain Commissioners and shipped on the Board's seaboard certificate. All the seaboard certificates are issued under the Board of Grain Commissioners. The Harbour Commissioners themselves have really nothing to do with the inspection, and have no jurisdiction over it.

The grades that are used for mixtures are these:—

Durum Wheat—No. 3 C.W. Amber Durum and lower grades, including Canadian Sample Durum.

Oats—Tough No. 1 feed, oats scalpings.

Rye—No. 2 C.W. and lower grades of rye.

With reference to this No. 2 C.W. rye and lower grades of rye, the Honourable Mr. Malcolm has just read a statement of the quantity used in Montreal in 1928. I have them here also. I might as well perhaps read the grades that were used during 1928 in mixtures.

In wheat—No. 3 C.W. Amber Durum,

No. 4 C.W. Amber Durum,

Tough No. 2 C.W. Amber Durum Wheat,

Tough No. 3 C.W. Amber Durum Wheat,

Tough No. 4 C.W. Amber Durum Wheat,

Canadian Sample Durum Wheat,

Sample Wheat.

[Mr. Alexander Ferguson.]

These were the only grades of wheat that were mixed in Montreal, and they were not shipped out of Montreal on seaboard inspection.

*By Mr. Donnelly:*

Q. Give us the quantities?—A. (Reads):—

No. 3 C.W. Amber Durum Wheat.. . . .	Bu.	331,304
No. 4 C.W. Amber Durum Wheat.. . . .	"	516,254
Tough No. 2 C.W. Amber Durum Wheat.. . . .	"	15,056
Tough No. 3 C.W. Amber Durum Wheat.. . . .	"	891,777
Tough No. 4 C.W. Amber Durum Wheat.. . . .	"	4,000
Canadian Sample Durum Wheat.. . . .	"	420,388
Sample Wheat.. . . .	"	18,252
Total Wheat.. . . .	"	2,197,031

*By Mr. Lucas:*

Q. When you say "mixed" there you mean a mixture of American wheat?  
—A. Yes, exactly. (Reads):—

Tough No. 1 Feed Oats.. . . .	Bu.	5,000
Scalpings Oats.. . . .	"	22,589
Total Oats.. . . .	"	27,589
Tough No. 2 C.W. Rye.. . . .	"	179,385
No. 3 C.W. Rye.. . . .	"	893,898
Tough No. 3 C.W. Rye.. . . .	"	281,407
Canadian Sample Rye.. . . .	"	369,719
Total Rye.. . . .	"	1,723,809
Total Wheat.. . . .	Bu.	2,197,031
Total Oats.. . . .	"	27,589
Total Rye.. . . .	"	1,723,809
	"	3,948,429

That comprises all the grain that was mixed in Montreal.

*By Mr. Millar:*

Q. Is this a case of Americans securing Canadian wheat and mixing it with American wheat, or of Canadians securing American wheat and mixing it with Canadian wheat; who is the owner of the wheat?—A. Usually an American, securing Canadian wheat to mix with American wheats. The respective quantities of Canadian wheat are much lower than the American. For instance, this three million nine hundred thousand odd bushels was mixed with over twenty-two million bushels of American grain that went out on open seaboard certificate.

*By Mr. McMillan:*

Q. When it is mixed, under what name does it go out?—A. It goes out under seaboard inspection grades.

*By Mr. Brown:*

Q. As American grade, or Canadian?—A. It does not go out as either. It goes out on the Board of Grain Commissioners' certificate. It does not state whether it is Canadian or American grain.

*By Mr. Donnelly:*

Q. Have you an inspector there to inspect it?—A. It is inspected.

Q. Who is the inspector?—A. A Canadian government inspector, of the Board of Grain Commissioners.

Q. Have you a copy of the certificate that is used?

The CHAIRMAN: That was filed at page 316 of our evidence.

[Mr. Alexander Ferguson.]

*By Mr. Coote:*

Q. I wonder if you could complete your statement, Mr. Ferguson, by telling us the grades these twenty million bushels went out under?—A. No, sir, I could not tell you that. In order to get this information I have given you now, we had to go through thousands of orders of last year's business. The point I had in mind at the time was, to get the quantity of Canadian grain that was used. It took quite a long time to get that out. Mr. White, who is here and who handles this, can give you a better idea of these grades than I could give because he is representing the Corn Exchange, and can speak better of that than I could. That information could be obtained, of course, but it would take a long time, because we would have to go through all our orders of last year and pick out the quantities.

Q. The only reason I ask is that I think the Committee has not an adequate idea of the mixing that is going on, unless we know the grades of this wheat that is going out?—A. These grades go out under the seaboard inspection; they are not western grades, they are all seaboard grades and do not conflict with and carry the same name as the western grades. There is no grain going out of Montreal under seaboard inspection carrying the same grade as there is at the head of the Lakes.

*By Hon. Mr. Motherwell:*

Q. For instance, rye that goes out as No. 2 C.W., what do you call that? Mr. WIGHT: I can answer that question.

*By Mr. Young (Saskatoon):*

Q. I see on this eastern grain certificate, eastern grain division, it says "The Board of Railway Commissioners for Canada"; what has the Board of Railway Commissioners to do with that?—A. That must mean the Board of Grain Commissioners.

Q. It says the Board of Railway Commissioners?—A. That should be the Board of Grain Commissioners. The Chief Inspector is here, and can answer that. That is his own certificate.

The CHAIRMAN: It is evidently a misprint.

*By Mr. Millar:*

Q. In the certificate you have given us, there is a great deal of tough wheat mentioned; tough wheat comes in very frequently?—A. Yes.

Q. Is this the incentive that causes them to mix grain, the fact that a considerable quantity of Canadian grain is tough and the American is dry, and mixing them together gets it down to a correct percentage of moisture?—A. That may be in some cases, but I think the reasons bringing about this mixture vary from time to time; I do not think they are always the same. The American grain that comes down, when it reaches Montreal varies in quality and sometimes does not meet the requirements of the inspector at Montreal, and it has to have the addition of a better grade or a different type, or perhaps a cleaner grade to meet the inspection at Montreal. Usually these small quantities of Canadian grain are used for that purpose to meet the Montreal inspection.

*By Mr. Gardiner:*

Q. Who gives you authority to issue these certificates?—A. We do not issue them.

Q. I do not see anything in the section of the Act that gives you authority to mix Canadian grain with American; can you tell me where you get that privilege?—A. There is nothing in that Act to prohibit it.

Q. I understood you to say that no mixing whatever was done?—A. I said no mixing of Manitoba spring wheat from No. 1 Northern to No. 6 that the only

[Mr. Alexander Ferguson.]



Canadian wheat which was mixed was from No. 1 C. W. Amber Durum down, and only in the Durum wheats. I think we have been accused at times of mixing Argentine wheat with Canadian wheat. We have also been accused of mixing the standard grades of grain there. I only want to make clear that that is absolutely false, and to tell you exactly what is mixed, that is, from No. 3 C.W. and the Durums the lower grades and tough.

*By Mr. Lucas:*

Q. Does it go out as American wheat or as Canadian wheat?—A. It goes out on open certificate.

Q. So that the man in Europe, buying it on a Canadian certificate, would take it as Canadian wheat?—A. That I could not say.

Q. Therefore the American by mixing two millions with twenty millions gets a Canadian certificate for their wheat as Canadian wheat?—A. He certainly gets a Canadian certificate, just as a Canadian shipping through New York, if he got seaboard inspection, would get an American certificate.

*By Mr. McMillan:*

Q. This certificate contains the following: "this grain is of United States production"?—A. No sir.

Q. Then this is not the certificate?

*By Mr. Millar:*

Q. Does this practice bring you in conflict with the American customs officials because of Canadian grain going through in bond?—A. No. Canadian grain goes through in bond and is delivered direct to the boat, and this grain is put into the boat along with it.

Q. The mixing is done after it leaves the elevator?—A. The mixing is done as it leaves the elevator.

Q. Explain exactly where the mixing takes place?—A. It would be mixed on the belt that goes to the boat.

Q. It comes together before it gets to the boat?—A. It comes together in the galleries before it is actually delivered to the boat.

Q. Does that not seem a violation of the Customs regulations? When is that grain considered out of bond? It should be on the shore surely before it is cut of bond?—A. I think it would require a Customs officer to answer that question.

*By Mr. Lucas:*

Q. Where is the physical inspection made when it is on the boat?—A. As it goes into the boat.

*By Mr. Young (Saskatoon):*

Q. In order to clear up these inspection certificates, I wonder if we could find out what they really are. (Reads):

"This is to certify that there has been inspected and put on board," and so forth, and then at the bottom is this, "This grain is of United States production and is inspected to standard samples selected by the Grain Standards Board appointed by the Board of Grain Commissioners for Canada under the Canada Grain Act."

That is signed by the Inspector and the Chief Deputy Inspector. The next I have before me states,—

"This grain is inspected to standard samples selected by the Grain Standards Board for the Eastern Inspection Division appointed by the Board of Grain Commissioners for Canada under the Canada Grain Act."

[Mr. Alexander Ferguson.]

Would you be good enough to explain what these two certificates are for, for what they are used, and the purpose of them?—A. A considerable quantity of United States grain comes through Montreal; some of it is shipped on United States Western certificates, without reinspection at Montreal, and some of it is shipped on Montreal seaboard inspection without the admixture of any Canadian grain. There may be a mixture of American grades, but without the addition of any Canadian grain. Now, if the grain is shipped on Western inspection, no certificate is issued at Montreal; the Western certificate carries it through. If it is shipped without the addition of any Canadian grain the form E.D. 6, which states that this grain is of United States production is the certificate which is issued. If there is any mixture of Canadian grain in it, then the form E.D. 6A is used, which does not state the origin of the grain.

Q. As I understand it, all grain that is produced in the United States and not mixed goes out on that first certificate?—A. Yes.

Q. And all grain produced in the United States and mixed with a small proportion of Canadian grain goes out on certificate No. 2 that I have read?—A. Yes.

Q. And goes out as Canadian grain?—A. I could not say that. It says, "This grain is inspected to standard samples selected by the Grain Standards Board for the Eastern Inspection Division appointed by the Board of Grain Commissioners for Canada under the Canada Grain Act."

Q. If you had a certificate like this, what would be your interpretation unless you knew exactly what was done?—A. I think the people buying that grain know better than I do, and have a pretty good idea from where it comes.

Q. If I as a layman and not as a grain man read that certificate, would I judge that it was United States grain, or Canadian grain?—A. Not necessarily.

Q. You would not know how to judge it?—A. I have two certificates, one of which says that it is of United States origin, and the other does not state. If I knew the grain, I would know pretty well what part of the world it came from. The European buyer pretty generally understands where his grain is coming from.

*By Mr. Donnelly:*

Q. Do you issue a certificate of this character for No. 1, No. 2 and No. 3 Northern?—A. We do not issue any certificates. I am speaking for the Harbour Commissioners, who issue no certificates.

Q. There is no mixing then in the grain from One to Three?—A. No, there is no certificate issued to my knowledge, for that part of it, for One, Two and Three Northern, or No. 4, No. 5 and No. 6 wheat, or for any grade which is used in shipping grain from Port Arthur or Fort William, so that it would be impossible to bring down No. 3 Northern to Montreal and ship it out as No. 2.

*By Mr. Brown:*

Q. Your practice is well understood by the European buyers?—A. Of course. The reason is that the European buyer is demanding seaboard inspection, and as a rule he understands what he is going to get. He understands the standards fixed by the Standards Board, and he wants that kind of grain. That is what he asks for, and that is what he should be given. That is what the demand is for.

*By Mr. Lucas:*

Q. Just why is this mixing done? Is it because the Canadian wants to get rid of his inferior wheat in the American, or is it because the American wants to raise his standard by having Canadian wheat mixed with his?—A. I think it is quite obvious. There is no forced sale as between American and Canadian

[Mr. Alexander Ferguson.]

grain. The American wants to buy wheat and the Canadian wants to sell it. It helps to standardize at Montreal the grades that go out on seaboard inspection. As I said before, we are not experts in the handling of grain, but certain grades of American grain come down there, for what reason I do not know. Perhaps inspection at the head of the lakes in the United States is not altogether uniform. Sometimes the grain will pass seaboard inspection without any additions or without changes. Sometimes if that grain came to Montreal it would be dead unless something could be done to market it, or bring it up to seaboard grade.

*By Mr. Brown:*

Q. When this grain is in the hands of American exporters, they use our grain to bring theirs up to a uniform standard?—A. Or may be to bring it down, I do not know as to that. There is also the fact that these grades of Canadian grain of Durum wheat and other kinds of wheat pass, as I understand it, from the people who are in the grain trade, and that is the only way a good many of them can be sold. It provides a market for these off grades of Canadian grain, which could not find a market otherwise.

Mr. CAMPBELL: The old argument in favour of mixing.

*By Mr. Young (Saskatoon):*

Q. The Board of Harbour Commissioners have nothing to do with it?—A. No. We ship out what we are ordered to ship out, absolutely, but there is this part of it, of course, that the mixing of grain is carried on in United States ports just as well as in Canadian ports.

*By Mr. Millar:*

Q. Section 98, page 33, of the Canada Grain Act, says:—

(1) Standard samples for grain of United States production may be established yearly by the grain standards board of any division or district, and shall be known as the standards for United States grain of that division or district.

These shipments you speak of are sent out under these samples, the standards fixed by the Standards Board of the Eastern section. Section 98 makes provision for standards for United States grain being fixed by the Eastern Standards Board?—A. Yes, under this United States inspection certificate. These grades are shipped, that is these grades are shipped under the Grain Commission's certificate carrying United States origin.

Q. This makes provision for shipping out United States Grain graded by Canadian inspectors; is there anything further? I do not know if there is anything there to make provision for shipping out mixed grain or any part of the Act which provides for shipping out mixed grain on Canadian certificate.

Hon. Mr. STEWART: Mr. Chairman, as the witness is an employee of the Board of Harbour Commissioners at Montreal, his duty is not to grade grain or to have anything to do with grading. I understand we are to have as a witness following this gentleman, an inspector whose business it is to grade; he will give us full information as to how it is done.

*By Hon. Mr. Stewart:*

Q. I would like to ask one question, if I may? Who supervises the binning? You have stated that the binning of One, Two and Three Northern and Four, Five and Six is done separately. The grains are kept intact and are shaped out on Fort William grade?—A. Yes.

Q. Is that the duty of your Board, or is there someone else; is that your responsibility?—A. That is our responsibility, absolutely.

Q. It is your duty to see that that grain comes in and goes out without being tampered with in the elevator?—A. Yes.

[Mr. Alexander Ferguson.]



*By Mr. McMillan:*

Q. Insofar as the administration of the elevator by the Harbour Commissioners is concerned, you do absolutely no mixing of any kind in the house?—

A. No, sir.

Q. Not even of those low grades?—A. No.

Q. You mix nothing in the house?—A. No.

Q. So far as the administration of the Montreal elevator by the Harbour Commissioners is concerned, you mix absolutely nothing?—A. No.

Q. The only mixing you are referring to here as Canadian low grade Durums is being done when it is being loaded from the elevator to the boat?—

A. Yes.

Q. But inside your house there is no mixing done?—A. No, sir.

*By Mr. Bancroft:*

Q. The Board of Harbour Commissioners do not buy the grain, they do not own it at all?—A. No sir, they do not own any grain.

Q. So it would be no advantage to mix it; you would not gain anything? It would make no difference?—A. Absolutely nothing, no.

*By Mr. Millar:*

Q. How are the spouts arranged; explain how the spouts are arranged? Show us exactly where these two grains come together?—A. When the grain is weighed it goes through the scales and is put into the shipping bins. These shipping bins deliver on to belts which go direct to the boats, and the grain is run on to these belts in the mixture, one stream going to the boat.

Q. In the mixture there is one stream going to the boat; that is on the belts but within the elevator?—A. No, in the shipping bins. In the elevator it is separate. It goes on to the belt into the boat together.

*By Hon. Mr. Malcolm:*

Q. They are separate in the elevator. Really the shipping bin is a separate part of the elevator?—A. Yes, but they are not in there, they are in separate bins. The belt is passing to the shipping bins; a great many shipping bins can deliver to one belt, which goes direct to the boat, so that two shipping bins can deliver to the same belt.

Q. It comes together within the shipping bins?—A. No sir, on the belt.

Q. On the belt from the shipping bin?—A. Not in the shipping bin.

*By Mr. Donnelly:*

Q. The belt is in the elevator?—A. It is not in the house; it goes to the boat.

Q. It is on the belt that goes to the boat?—A. It is on the belt that goes to the boat.

*By Mr. Young (Saskatoon):*

Q. After the grain is mixed, it is never in the elevator together?—A. No sir.

*By Mr. Gardiner:*

Q. There is another point I would like to bring out in regard to that second ticket you have there for mixing grain. Can you tell the Committee under what designation the grades are that are put on that ticket?—A. That is not a matter that I deal with.

The CHAIRMAN: I would suggest again that Mr. Ferguson be allowed to finish his evidence, and have the questions asked later.

WITNESS: I would like to answer fully the question that was asked a few minutes ago. I have made this note: all grain of United States origin shipped without seaboard inspection at Montreal goes under United States Western

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certificate. All United States grain re-inspected at Montreal and shipped out without the addition of any Canadian grain goes out under the Board of Grain Commissioners seaboard inspection certificate which carries the statement that the grain is of U.S. origin. That is the first certificate that was mentioned a few minutes ago. All mixtures of Canadian and American grain leave Montreal under seaboard inspection certificate, which is known as the open certificate, which does not state the origin of the grain. My next point is: it is well known that mixing of Canadian grain with American grain takes place at the American Atlantic ports, and also Canadian grain is inspected at these ports; but the figures of the quantity are not available. The seaboard inspection certificates do not state the country of origin, except when it suits the exporter to have such information given. I am speaking of United States ports. The Canadian authorities have no jurisdiction over Canadian grain once it is in the United States. If it is prohibited at Montreal, American grain and Canadian grain will be shipped to the United States ports in greater quantities where mixing can be done to make seaboard grades without the control of any Canadian authority. At the same time, this mixing can be kept under perfect control by the Board of Grain Commissioners and by the Montreal Harbour Commissioners, both of which are government bodies and have only the interest of the producer at heart in seeing that everything is properly done.

*By Mr. Donnelly:*

Q. When you say that mixing is done in American ports, do you mean just the Durum wheats, or do you mean the hard red spring wheats as well?—A. I could not tell you that—how much of that is done. I am told by people in the grain business that mixing is done and that Canadian grain is used.

Q. Is the same amount of mixing done in St. John and Halifax in the same way as you do it in Montreal, or not?—A. Of course, St. John and Halifax ship very much smaller quantities of grain than we do.

Q. Is it the Durum wheat?—A. Yes.

*By Mr. Millar:*

Q. In your opinion, Mr. Ferguson, if this practice were stopped, would it cause any change of routing of either American or Canadian grain?—A. I think it would. I think it would cause that grain to go through Buffalo to United States ports where the exporter who desires to do that could do it without interference. That is, if it were prohibited at Montreal, the movement would simply take place exactly as is being done now through United States ports, except that no Canadian authority would be able to look after it and see that it was properly done. I think that would be the reaction; and once the grain is bought it can be routed anywhere that the owner pleases. He can send it to any port that he pleases; and I think you would simply transfer from Montreal to New York and other United States ports what is being done at Montreal under very close supervision, and when you get it into United States ports you would not know anything about it, and you would not be able to say a word against it.

Q. On the other hand, what would be the effect on that routing of Canadian grain in case it does not get proper or sufficient protection at Montreal? The effect is obvious, I guess; it would probably drive it to other ports, would it not?—A. I do not quite follow your question.

Q. In case the shipper of Canadian grain became convinced that his grain was not being properly safeguarded at Montreal, would it not have a tendency to drive Canadian grain to, perhaps, Buffalo and to other American ports?—A. Certainly.

*By Mr. Donnelly:*

Q. You say it would be mixed in New York and Buffalo, and ports there, but if it went out from there it would not receive the Canadian certificate?—A. It would receive an American seaboard certificate.

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Q. It would receive the American seaboard certificate? That would be the chief difference. In this case he receives the Canadian seaboard certificate; and in the other case he receives the American seaboard certificate?—A. That is all.

*By Mr. Anderson:*

Q. Is Canadian grain routed by Buffalo necessarily sold to American buyers? Can a Canadian shipper send his grain through those ports?—A. Certainly.

Q. Then he could prevent them from mixing it with American grain, could he not?—A. I presume so. I could not answer that question.

Q. I would like to know who is responsible for the mixing of American and Canadian wheat? After it is mixed, is it sold in England as Canadian or American grain?—A. If it is mixed in the United States ports? Is that what you mean?

Q. If it is routed by Buffalo?—A. Buffalo and the United States seaboard ports?

Q. Yes. Buffalo and Portland?—A. If it is subject to seaboard inspection, it will receive the United States seaboard certificate, which, I understand, does not state the country of origin.

Q. Is it sold in Europe as American grain?—A. Naturally. That is, in the same way as the Canadian certificate may suggest that the grain is Canadian—only to that extent.

*By Hon. Mr. Stewart:*

Q. But the certificate in no way designates where the grain is grown, either American or Canadian? It is a seaboard certificate out of the port of Montreal or a seaboard certificate for the ports of Portland or New York?—A. There are two certificates out of the port of Montreal; one states the United States origin and the other does not.

Q. Of course that is when it is purely American grain?—A. Oh; when it is purely American grain.

Q. But I am speaking of the mixing?—A. Of the mixing? Oh; yes.

*By Mr. Anderson:*

Q. It is possible in that way for the American grain man to take Canadian grain and mix it with the American grain and sell it in Europe in competition with the Canadian article; is that right—to improve that grade of grain?—A. You mean to do that through United States ports?

Q. I am talking about exports from Buffalo and Portland and other American ports?—A. Of course, all grain that is going to the European market is in competition with all other grain.

Q. I understand; but what I want to get at is this, that Canadian grain shipped through American ports may be mixed with American grain; and is that grain sold in Europe in competition with Canadian grain?—A. Necessarily.

Q. I understand it improves the American article by mixing it with hard Canadian wheat?—A. The reasons for the intricacies of the mixture are largely market conditions; but not being an expert in inspection, I could not say as to that.

Q. That is a possibility, and is probably going on, is it not?

*By Mr. Coote:*

Q. I think a wrong impression is being created by Mr. Anderson's question and the answer. I think it is perfectly obvious that no American is going to buy Canadian grain and ship it out as American grain if, as I understand, he would have to pay a duty of 42 cents a bushel. He is not going to carry on any practice like that. I think it is well known to most of the committee that Canadian

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grain shipped through Buffalo and American Atlantic ports goes out under the Western Inspection certificate.

Mr. BROWN: I think that under any circumstances we should stick to our Canadian ports in this investigation. We are here to investigate mixing at Montreal.

The CHAIRMAN: I think the members of the committee should try to confine their questions to subjects that the witness is familiar with. The witness is not familiar with procedure in American ports.

Hon Mr. MALCOLM: When you are through with the witness, I would like to ask the privilege of the committee to give a rough outline of this practice as it is understood by the department from the advice of our inspectors. This is contained in the memorandum, but it is quite apparent to me that all members of the committee have not read it. I have some questions I would like to ask, but I think time could be saved by a rough outline being given of this practice, with the recommendation of the Inspection department for a change in the certificate to which Dr. Donnelly referred.

Mr. BROWN: Let us confine ourselves to Canadian conditions, and not wander into the United States.

The CHAIRMAN: Are there any other questions to be put to Mr. Ferguson, dealing with the situation at Montreal?

*By Mr. Campbell:*

Q. I have just one question. Where does this mixing take place; is in inside the elevator or outside? I understand Mr. Ferguson to say the mixing took place inside the elevator, and the inspection is from the spout as it goes out of the elevator?—A. The elevator building has a lot of shipping bins, and those bins deliver to the delivery system or conveyor system which goes direct to the boat. The grain is delivered to those shipping bins separately, and from those shipping bins it is delivered to a belt and is mixed on the belt which goes direct to the boat out of one spout. It does not go out of two spouts onto the boat. It is not in the elevator building; it is in the delivery system to the ocean boat. We, naturally, could not spout direct from out elevators to an ocean boat.

Hon. Mr. MALCOLM: It is not in the storage building. It is in the elevator building, but not in the storage portion, it is in the shipping portion.

WITNESS: Yes; it is in the shipping portion.

WITNESS retired.

Hon. Mr. MALCOLM: Mr. Chairman, and gentlemen; when this recommendation which is shown in the last portion of the memorandum was submitted to me by the Inspection department, stating that a certificate should be provided in the Act to cover shipments composed of American and Canadian grain was submitted, I asked the Inspection department, to give me an outline of the practice that led up to this request being submitted. I submitted this memorandum to the committee so that all the members might read it and thereby thoroughly understand what the practice:

It is represented to the department by the Inspection department and by the Board of Grain Commissioners, that all western spring wheat is binned at the port of Montreal separately, and goes out under the inspection given at the head of the lakes, the Harbour Commissioners of Montreal doing no mixing of any kind of any grain. The situation does exist of certain low grade Durums, barley, oats and rye being bought at the head of the lakes by American buyers.—I am subject to correction in this statement, that there is no Canadian exporter, engaged in this practice at all. These low grades are said to be very difficult to market by themselves, and the Americans who buy these Canadian low grades to ship with American grain from the port of Montreal have asked the Inspection department for the privilege of mixing a small quantity of certain Canadian

[Mr. Alexander Ferguson.]

low grades with American Amber Durums, barley and oats under open certificate. The practice is not in any way covered by the Canada Grain Act. The Canada Grain Act deals with the prohibition of mixing at the port of Montreal of Canadian grain, but there is no section to cover an admixture of Canadian and American grain, or of Canadian and Argentine grain, or of American and Argentine grain. As I understand it, the port of Montreal could receive a shipment of American grain and put it into a bin; they could receive a shipment of Russian grain and put it into a bin; and the owner of those two grains could do anything he liked with the grain irrespective of the Canada Grain Act. But in-as-much as part of this admixture is Canadian grain and part is American grain, the Inspection department suggest that the certificate should state that it is an admixture of the two. American grain inspected out of the port of Montreal is provided for by section 97. The certificate under which it is shipped states on the face of the certificate that it is American grain. Until a few years ago, when where there was a small admixture of low grade Canadian grain put into a shipment of American grain, this grain is practically all used in the macaroni trade on the continent, and it was well understood by the buyers where it came from. The shipment went out under a certificate which said it was American grain. The American inspectors objected to the port of Montreal issuing a certificate stating that the shipment was American grain, because there was some Canadian low grade grain in it. The Inspection department and the Board of Grain Commissioners then issued the open certificate which is the same as the open certificate issued at the American ports, and which simply states that the grain is up to the American seaboard sample. But does not, in any way, state what the origin of the grain is. The Inspection department made a recommendation that, in their opinion a certificate should be provided in the Act to cover these shipments. The reason the Inspection department gave was, that these low grade Amber Durums, cannot all find a market unless some are mixed with other grades of Amber Durums. The grain is in the possession of the American owners, with some U.S. grain in one bin and some Canadian grain in another bin, but they are all his. The Inspection department think it would be a loss to Canadian shippers and producers not to be given the advantage of this market. The American owner of the grain ships it to Montreal for two reasons, I am informed: he gets a cheaper freight rate to Montreal, in the first place, and, in the second place, he is able to pick up certain off-grade wheat there which he may mix with his own. Now, what the committee has to decide, after hearing the evidence of the inspector is whether we should continue to take advantage of this market for our low grades,—take advantage of about 22 million bushels of American grain going through the port of Montreal by the adding of 3 million bushels of Canadian grain, in the way that the Inspection department suggests, that is to provide a new certificate; or whether, in the opinion of the committee, it is a disadvantage to us to market these 3 million bushels of our grain in this way. The point should be decided by the committee after hearing the evidence of the Inspection department. The real point is, whether this business is an advantage to the Canadian producer and to the Canadian port of Montreal, or whether it is a disadvantage. Now, I think Mr. Coote made a mistake when he said that Dr. Anderson was not clear in his mind regarding the matter he was referring to. If an American owner, having purchased from the head of the lakes—either from the pool or from trade elevators—a certain quantity of No. 3 Amber Durum and wanted to make an admixture at a port in the U.S. with some Amber Two Durum, it would go through in bond to a house on the seaboard, at Boston, New York or Portland—it would go there in bond for shipment to Europe, and it could be mixed on to the boat in just exactly the same way that it is mixed in Montreal. If straight Canadian grain goes to Portland for export it goes out of Portland as Canadian grain, without payment of duty. If straight American grain goes to Montreal, it



goes out of Montreal as straight American grain. That is all provided for in the Act. Section 97 makes provision for the shipment of American grain out of Montreal on a seaboard certificate.

NORMAN WIGHT, called and sworn.

*By the Chairman:*

Q. Would you tell the committee what your business is?—A. I am a grain broker in Montreal; and I have come here to represent the Montreal Corn Exchange Association. I was appointed to come here, I suppose, feeling perhaps, as chairman of the Standards Board at Montreal, I would be the most useful person to send. I might say that I want to clearly state that in my opinion and in the opinion of the shippers at Montreal that they are not really contravening the Canada Grain Act. In Montreal we do not make any grades that you have in the west. The intention of the Canada Grain Act in that section that has been referred to, I submit, when it was placed there, was not to prevent mixing really at Montreal. That wasn't the intention of the Act, if I recall it correctly, and I have been a long time in the business. The intention of that Act was that at Montreal we could not make 3 Northern a 2 Northern and call it Manitoba 2 Northern, or make 2 Northern a Number One. That was the intention of that Act; but it was not explained by Mr. Ferguson. No mixing at Montreal has ever been done of Northern spring wheat. That has never been done so far as I know; and, certainly not during my connection with the grain trade—some twenty years. I might say that a few years ago—not many years ago—we were losing all our barley to the United States, excepting perhaps No. 3 and some No. 4 rejected barley; and that barley all went to the United States and was graded there, with a little mixing, as a No. 4, 48 pounds, as malting barley. For, I think, about fifteen months we were frequently asked to make a grade of 48 pounds for malting barley in Montreal and we refused to do it, because the grade was so low it could not be called malting barley. It certainly was never intended for malting barley, and was only suitable largely for feed. We saw that all our barley was leaving us, and we then made a grade of 48 pounds, malting barley. That made it equal to the standard set for 48 pounds for malting barley in the United States. It was made at that time almost entirely out of Canadian barley—Canadian, Canada Western barley. We kept, I suppose, about ninety per cent of the trade for 48 pound barley for Montreal. The Americans saw an easy opening and then they made a grade for No. 2 barley—the lowest grade of barley that was ever made in the United States for No. 2; and they made that, in my opinion, so that they could still use our Canada Western barley, rejected and feed barley. I am going to touch on that rejected grade later on. They have now got back to where they were previously, and have a 48 pound malting barley. They have captured the whole business, because we cannot make such a grade at Montreal, because in the Canada Grain Act there is the grade of Canada Western barley which I have never seen in the thirty years I have been in business at Montreal; and No. 2 barley in the Eastern division, I haven't seen very much of that; but still it is in the Canada Grain Act, and we cannot make a grade of No. 2 barley to compete with the United States and hold to our own barley. We did make a grade of No. 2 barley export. Now, I am going to show you what a little difference in the name of something makes. We called ours No. 2 barley Export, Seaboard Inspection, of course, and we haven't sold one bushel of that to my knowledge as No. 2 export barley. The word "export" killed it. I am chairman of the Standards Board, and we made the standard value equal to the American standard of No. 2 barley. Now this barley business was the start of this open certificate. Previous to that we were doing a little mixing.

[Mr. Norman Wight.]



*By Mr. Millar:*

Q. Please explain the effect of that word "export" a little more fully? Had it a detrimental effect?—A. The only detrimental effect it had—it did not change the quality of the barley at all, but the buyer on the other side wanted a No. 2 barley. He wanted a ticket on the end of it. He was suspicious of it being called "export" barley. We were putting in some feed barley and rejected barley along with American barley the same as they were in the United States, and the Americans objected to us. They sent a deputation from Washington. It was not because we were lowering the grade of the barley or making the barley any worse; but it was because they wanted to prevent us from shipping 48 pound malting barley from our Canadian ports and handling our own grain. Now, I think that will explain to you the way this open certificate started. I will explain to you, perhaps, the system we have at Montreal. I am chairman of the Standards Board at Montreal—there are five of us, all qualified to make standards—all men of considerable experience in the grain trade. These standards are made, and the Board of Grain Commissioners send part of these samples to all the buying centres in Europe and in the United Kingdom. They know the grade that they are going to get, and, believe me, you cannot fool the buyers on the other side. If you think we ever can, I know we cannot. They have gained that knowledge by experience. They know just what we are going to give them, and they do not expect anything better. They do not want to pay anything more for what they are getting. If the value is there, they are willing to buy it and they do buy it. I know how difficult it is to sell sample grain. Now, I know there are quite a few members here from the west, and I think, perhaps, I might give them a little of our difficulties in the east. You send a sample of sample grain—and you have to do that before you can sell it—you have to spend the time and send a sample abroad before you can sell it. Nobody is going to ship that over without it being sold if he can help it. You send that sample abroad, and then you start cabling. The shipment is made at Montreal on a certain sample. Within five days you have to advise the shipper in England of that shipment being made on a certain date, naming the sample. Almost invariably that buyer on the other side, on a sample shipment without an inspection certificate, cables immediately and says, "I demand arbitration." He has not seen the wheat; he does not know what it is like; but he has the right to ask for arbitration, and he does. So that even on a sample shipment the price is really fixed when your wheat arrives, because the arbitrators may go against you, and if the market is down you may be sure that the buyer is going to put everything in the way of the seller delivering that wheat. So that in the case of a lot of this grain that we mix at Montreal, it would be very difficult to find a market for it. You could not find a market for some of it.

*By Mr. Campbell:*

Q. Do you mean it is of such bad quality you could not find a market for it?—A. For the reason I have explained. You cannot sell grain on sample unless the buyer has a sample of it, and you have to accumulate that grain so you can offer a sample of it before you can send it over. That grain is getting more costly all the time, and somebody must pay for it. It must be the producer, I think, because the buyer feels he has got to pay charges on that grain while he is accumulating enough to make an ocean shipment. I will touch on rye. Suppose 95 per cent of the rye that is sold abroad is sold as No. 2 rye, Western. It is a very old grade. It is called No. 2 Rye Western; really made before we had any rye in Canada, to speak of, anyway. We had a little in Ontario.

*By Hon Mr. Motherwell:*

Q. I wonder if you will tell us what the difference is between No. 2 Western and No. 2?—A. Well, I am coming to that, sir, if you will permit me. No. 2 Rye Western was a seaboard grade made in the United States primarily, and the reason it was called Western was that in the Eastern states rye carries garlic. In Pennsylvania, Ohio, and those states, a great deal of rye was at one time raised and shipped from those states; but the Western rye, of course, had no garlic. That is why they used the word Western. Now, No. 2 Rye Western is a grade that is wanted in Europe and also in the United Kingdom. They know the grade well, and they pay what they think it is worth.

Q. It came to my attention from the importers in Hamburg that they liked our 2 C. W. Rye. They liked it so well because of its colour and large yield of flour that they were prepared to pay a good premium for it—2 C. W. off the prairies. Now, the last few years they find that they cannot get it. The complaint is that when it gets as far as Montreal it disappears some way—it merges, or something else; it is not on the market any longer. What is your explanation of that? The impression we got from the evidence is that it is just the poor Canadian stuff that is mixed with some American stuff. Now, No. 2 C. W. is our best rye. Where does it disappear to? What advantage is it to the grower? What has happened to it?—A. We do not get it.

Q. Where does it go?—A. We do not mix it. We get some. It comes in and goes out at 2 C. W. rye. We do not mix 2 C. W. rye. We never have. We have mixed tough 2 C.W. rye, this is an entirely different thing. We have mixed 3 C.W. rye a little. We have used considerable tough 3 C.W. rye and also sample lots of rye which would otherwise, I want to say, Mr. Chairman, be absolutely a drug on the market unless mixing was done. If we do not do it at Montreal, of course it can be done in the States and we have no jurisdiction whatever in the States. Somebody asked if spring wheat was ever mixed in the States. I do not know what they do now; but I know they mixed an awful lot of it at one time. When it suits them on the inspection certificates to use the country of origin they do it; on the inspection certificates they put One Northern spring wheat, Manitoba origin. Sometimes if that is not strong enough they say, "Manitoba in bond," I suppose with the intention of making it appear that the Customs had that under lock and key from the time it entered the country until it went out. I do not know. That is only my opinion. They certainly do use the word when it suits them and say that it is of Manitoba origin. I do not think at the present time there is a great deal of that done; but I have known Dark One Northern spring wheat—the inspection given was Dark One Northern spring wheat in an American port which did not have any One Northern, and consisted of 2 Northern, 3 Northern and 4 Northern, and it was called "Manitoba origin"—perfectly correct too—but attached to the grade it was wrong.

Hon. Mr. McDougald (Chairman, Montreal Harbour Board): I do not know whether Mr. Motherwell is satisfied with your answer as to what happens to that rye. He suggested that it had disappeared when it came to Montreal. Now, he would like to know, and I would like to know also, where it goes to.

WITNESS: If 2 C.W. rye comes to Montreal, Mr. Motherwell, it goes out as 2 C.W. rye; but there is not a great deal of demand for it, nor is there a great deal of demand for 3 Canada Western rye. Now, the word "Western" comes into the Western Inspection certificate, but it does not satisfy the buyer on the other side. He has been accustomed to getting that for a great many years, and that is the grade he wants. Then, another thing; he won't pay the price. He wants a low grade of rye, and consequently, he buys 2 Rye Western. It is

inferior both to 2 Canada Western and 3 C.W. rye, 3 C.W. rye is better than the 2 Rye Western.

*By Mr. Ross:*

Q. What is rye Western, the seaboard grade?—A. Yes, the seaboard grade, both in United States and Canada. The toughs that we use, it would be difficult to find a market for this grain unless we had some means of mixing them. Now, the toughs if put in with a drier wheat, of course, the drier wheat will carry the tough, the same as it does, as you know, everywhere, I expect. That is the only market that you can find, largely, for tough grain. We have had experience in shipping sometimes a lot of tough grain, but you cannot get the price for tough grain, or anywhere near the price of the straight grade. The buyer has to take a chance on that grain carrying to the other side in condition, and the consequence is that he will not pay the price for it that it would be possible to get a miller right here on this side to pay.

*By Mr. Coote:*

Q. Could you give us any idea of the spread between straight and tough?—A. I don't know. Of course, it varies. I really don't know. I am not really in the export business. I act as agent for exporters. I do not want to talk on anything that I do not know something about.

Q. I thought you were an exporter?—A. No, I am not an exporter.

*By Hon. Mr. Malcolm:*

Q. Mr. Wight, would you tell the committee frankly what, in your opinion, is the grade of Canadian low grade wheat that is exported in relation to the American grade with which it is mixed? You suggested a moment ago that you might dispose of a tough with a drier American grain.—A. Yes.

Q. What I am anxious to find out for myself is this: By mixing at Montreal do we, as a general rule, up-grade American grain or do we down-grade it? In other words, is the American grain improved by the addition of Canadian grain or is the bargain made more profitable. There is an impression that at Montreal the practice has been to up-grade the American grade going out. The impression is that in Canada our grain is so much superior. Do you think that in any instances the American grain with which our grain is mixed is better than ours? Will you give us your view on that point?—A. I will say that as a general thing it improves the grade at the seaboard, but in many instances we can use sample grades that will grade it down. If you do not give the other side anything any better than we have to give them—that is if we make the grade equal to the standard that is set—if we give them something better at one time and something poorer at another time they will be dissatisfied; they would always want the better.

*By Hon. Mr. Motherwell:*

Q. That does not answer Mr. Malcolm's question. What he wants to know is whether the mixture of Canadian grain with American grain makes the American grain worse or better?—A. Sometimes both ways, sir. If the American is too high for our standard at Montreal we will do something to bring it down.

Q. If you were contaminating their grain, they would have a right to kick about it?—A. No, Mr. Motherwell, they have no kick coming. Neither have we any kick with them. They have absolute power to do what they like in the United States with our grain. As a matter of fact, I know it goes out—Canadian grain goes out without any admixture of their grain. We are not so free as that. We are handicapped to some extent, because we know there is an objection to a little 3 C. W. Amber being used.

[Mr. Norman Wight.]



*By Hon. Mr. Malcolm:*

Q. I think we should clear up these points one at a time. You say that Canadian grain goes out of United States ports on open certificate without any admixture?—A. Absolutely. The only grain I know of that has the country of origin is spring wheat—Manitoba spring wheat, and very recently they have made the practice of saying that certain barley is Canadian barley; but as a general thing when any mixing takes place in the United States there is no country of origin stated. They have never stated the country of origin except when they interfered with the Manitoba spring wheat, and then they want to say that it is Manitoba origin.

Q. Mr. Wight, a few years ago this practice obtained, but the certificate which was given was the certificate provided under section 97 of the Canada Grain Act; is that so?—A. That is right.

Q. That certificate said that this admixture was American grain?—A. Yes.

Q. I am informed by the inspection department on inquiry as to the way the open certificate originated, that objection was taken by the United States Inspection department to calling it American grain?—A. Yes.

Q. Why was that objection taken if American grain was being improved? I was informed that the objection was taken by the American Inspection department because, as a matter of fact, the grain of Canadian origin that was being used was all of these lower grades—toughs, damp, feeds and so forth?—A. No. I think the objection that the United States raised was largely, I think, in order to get the business that they had lost back. That is my opinion of why they objected to that certificate. They noticed that the grain was going from Montreal and from Canadian ports.

Q. Then they objected to us using a certificate calling it American grain. That was before I had anything to do with the department, and I am anxious to know the cause?—A. Yes.

Q. Because there was an admixture of Canadian grain—thinking that not having any open certificate here it would have to go by the United States?—A. That was the reason.

Q. Following that the Inspection Department and the Board of Grain Commissioners recommended the use of the same open certificate at Montreal as was provided at American ports?—A. Yes, exactly.

Q. And since that time you have been shipping on an open certificate comparable to the certificate they used?—A. Yes.

Q. You are chairman of the Standards Board?—A. Yes.

Q. When you set these outgoing standards for an open certificate at Montreal, what system have you for setting them? Do you set them on the American standards?—A. I may say we do not make one standard, one for the United States certificate and one for the open certificate; the standards are identical because the grade is the same.

Q. In other words, the grain which goes out under an open certificate is the same grade and the same quality as the grain which goes out under the American certificate?—A. Exactly the same; only one standard.

Q. Now, do you set these standards for the grain that goes out under American certificates to conform with the American seaboard samples?—A. As near as possible, yes. I might say we do repeatedly try to get samples of the American standards but they have absolutely refused to send them to us. We do get them from shippers, but they are not actually the official sample. They refuse to give anything to guide us in that respect; but I think we are all on that Standards Board sufficiently qualified to know what standard should be made for the different grades.

Q. The American standards are set by whom?—A. They are set by a book of rules; but ever since that grain act of theirs has come into force they seemed to get away from it.

Q. They have a Standards Board, have they?—A. No. They have no Standards Board. They have a State inspection there, and then they have what they call Federal Appeal. There is quite a difference between State inspection and Federal Appeal. If you wanted to buy grain on Federal Appeal, nine times out of ten they will not sell it to you.

Q. Do you set your standards on Federal Appeal or on State inspection?—A. We do not set them on either. We set them as near as possible, we think, to the grade that it should be, and we apparently set them pretty correctly because, as everybody knows, we have been shipping many million of bushels.

Q. Now, will you explain to the committee what grain goes out of the port of Montreal on the standards you set?—A. You mean the name of our standards?

Q. What is the justification for the Eastern Standards Board setting standards at all?—A. The idea, of course, that we have in our minds is to make standards that will compete with the United States standards.

Q. If you were handling no American grain at all from the port of Montreal would there be any justification for the Eastern standards?—A. No.

Q. The standards are set then so that American grain may be handled through Canadian ports?—A. Exactly.

Q. And given a certificate as provided under section 97?—A. Yes, exactly.

Q. So there is only one set of standards, whether the grain is of American origin and going out under a set of standards which you claim are fairly comparable to the American standards?—A. Yes.

Q. And that grain which goes out under open certificate is made to live up to the same standard as the grain which goes out under the certificate, stating that the grain is of American origin?—A. Yes.

Q. There are two certificates, but the two certificates are issued on the one standard; is that correct?—A. Exactly.

Q. It is represented to me that there is about ten per cent of Canadian grain in the 22 million bushels which are shipped. I am trying to find out, Mr. Wight, whether the recommendation of the Inspection department to declare the origin of the grain is advisable. At the present time I have seen no evidence that the practice is a contravention of the Act. It is not covered in the Act in any way. Now, if there is but ten per cent of this Canadian grain—what would you consider was the average of the standard of the admixture. It is higher than the average of Canadian grains which are used in it, or is it lower?—A. It would be very difficult, Mr. Malcolm, to say that on account of the diversity of sample shipments that we get at Montreal. As I have explained, sometimes it is lower—it will bring down the grade of American grain, and at other times it will bring it up. In the majority of cases it will bring the American up to the standard we have fixed at Montreal.

Q. In other words, you will say this, that the benefits to the American grain going through Montreal are just the same as the benefits to the Canadian grain going through Montreal.—A. I would think the benefits would be greater to the Canadian, for this reason that it is finding a market for something that it would be difficult to find a market for, except in that way. It would make the movement of this American grain and of our grades of grain such as we use for mixing down through the United States ports—

Q. Of course, Mr. Wight, we understand that point. I think the committee thoroughly understand that this practice will continue; that it cannot be stopped. If we refuse the request of our Inspection department to have the certificate state what it really is, and put a section in the Act prohibiting American and Canadian grain from being mixed at Montreal—I think the committee understand that Montreal would lose a certain volume of business, and that the grain would



go to U.S. ports. What I am trying to get at is the benefit to the Canadian seller of this low grade grain. Certain representations have been made that a market can be found for this grain in some other way. Now, do you know of any other way in which a market can be found for our 3 C.W. tough, or rejected Amber or Durum?—A. No market whatever has developed for these grades so far. It is difficult to sell 3 C.W. Amber at the present time, although it is better than the 2 Amber Durum that they make at the seaboard. In the first place, it commands a higher price—3 C.W. Amber; and the reason, I believe, is that it is more valuable for mixing than it is to ship it as a grade across the Atlantic, and I think the producer is benefiting by the mixing that is being done at the seaboard of that grade and the lower grades. I could not think otherwise. The only complaints that are coming from the other side at the present time I am told are against 3 C.W. Amber wheat. The buyers on the other side have received it and they say that the quality is not there for the price. So, you see, they must be getting a better price on this side for it than the value they place on it as a trade grade on the other side; otherwise, complaints would not come in to that effect.

Q. Mr. Wight, we have this recommendation from our Inspection department that instead of using the open certificate as is now done, we should use a certificate stating that the origin of the grain is American or Canadian. What would be the reaction of the American owner to these two shipments of grain, one American and one Canadian, in using that certificate? Do you think he would rather have that than the American open certificate?—A. No, he would not.

Q. Do you think it would drive grain back to the United States ports?—A. Yes, it would cause confusion in the mind of the buyers on the other side.

Q. The buyer on the other side has nothing on either of the certificates to indicate where the grain comes from, but he knows, in your opinion, where it come from?—A. He does not care, Mr. Malcolm, as long as he gets the quality.

Q. There is nothing on the American open certificate to indicate origin?—A. Nothing.

Q. There is nothing on the Canadian open certificate to indicate origin?—A. Nothing.

Q. The figures show that ten per cent is Canadian and ninety per cent American. You say the buyer does not know anything about it and he does not care?—A. I do not know whether he knows anything about it or not. He does not care.

Q. Practically all of these twenty millions of low grade Durum wheat are used in the macaroni industry of the continent; is that true?—A. Yes, easily that. Ninety or ninety-five per cent is used in Italy and Greece, and to a certain extent in Switzerland. Also it goes into Holland and Antwerp.

Q. Can you explain to the committee why, under the open certificate, so little barley went out in the last year?—A. The reason for that is that we could not give seaboard inspection for barley—for No. 2 barley.

Q. Where did the Canadian low grade barley go through?—A. All through Buffalo and the American ports—practically all. We shipped very little rejected or feed barley.

Q. You made some reference to the grades of barley. As a grain man, what would you suggest should be done to improve the marketing of our barley? Should our grades be altered?—A. Yes. For a good many years I have felt very keenly on this inspection of barley in the west. Our 3 C.W. barley is a high class barley, and yet it is dubbed No. 3. Now, our 3 C.W., as compared with 2 barley in the United States could easily be made No. 1 barley; and your No. 2—if you have such a thing as No. 2—I have never seen it—I would call it Extra No. 1; and I would call No. 4 No. 3 barley and I would cut out the



word "rejected" altogether. Rejected does not belong to any grade. I have always hesitated, and the people in the east have always hesitated to ask for any change of any grade for the simple reason that we felt that we would not get any attention. In the east we had no intention whatever, and we haven't, of causing any injury to the west.

Q. I am very glad to have that opinion from you, because we have at present before us suggested changes for the grading of barley. If you were a member of the Western Standards board you would revise the barley schedule?—A. I would revise the Canada Grain Act, I would raise them up.

Q. Now, at the present time you say that owing to the grading of our barley it is going through American ports. In your opinion, would barley move more freely through Canadian ports if the grades were raised?—A. We would get away from the word "rejected" in the first place. Now, this rejected barley that comes from the west is rejected on account of wild oats. It is sound barley. I think Mr. Fraser will bear me out in that. It is sound barley, and should not be called rejected on that account. If they paid somebody to take the wild oats out of it the barley would easily grade No. 4 and possibly, some of it, No. 3. Now, I would raise the grades of barley. You do not want to go any higher to make the 3 a No. 2, the 4 a No. 3; and I would have a grade of barley, perhaps a little higher than rejected, called No. 4. I would not call any grain rejected when it is sound grain. In the Eastern division we use the word "rejected" on grain that is out of condition, that has some dockage or is dirty so that it will not grade even Four. That is what we call rejected grain.

*By Mr. Donnelly:*

Q. Would you have any objection to putting the word "dockage" there for wild oats instead of "rejected"?—A. Yes, I would; because they want barley, always as a rule, to a grade, and if you give them something with more wild oats than it should have they will object to it.

*By Hon. Mr. Malcolm:*

Q. I think the Committee might, at a later date, when we are dealing with the question of defining grades wish to have you back to advise them. In the meantime this one subject which we have before us I think should be adhered to. I want to follow up my question as to what in your opinion would be the result if you should discontinue the use of the open certificate and adopt a certificate which stated clearly that the grain was of American and Canadian origin. The Inspection Department represent to me that they are acting outside of the Canada Grain Act altogether, and that the fact that this composite grain goes out of Montreal will always be the cause of certain criticism of mixing in Montreal. The practice, they contend, is an advantageous practice; not covered by the Act; that it is not in contravention to anything in the Act. It is a practice that has grown up to meet the competition of American ports. I presume you think that is so?—A. Yes.

Q. Well, I asked the question why could it not be covered in the Act; and the Inspection Department said that to bring it within the Act, so that there could be no suspicion on the port of Montreal at all, they would recommend that the certificate state on its face that the shipment was composed of American and Canadian grain. Now, in your opinion, what would be the result?—A. There would not be any advantage in it.

Q. Would there be any disadvantage in it?—A. I think there would.

Q. You believe that an open certificate as is now used is better than a certificate stating on its face that the shipment contains American and Canadian grain?—A. Yes. For the simple reason that at the American ports they are using an open certificate without stating the country of origin. If we ship out of Canada and we mention that there is American and Canadian grain, the

buyer on the other side is going to get one certificate at one time and another at another time, and I think it ought to be one certificate only without stating the country of origin. Apparently, on the other side, they do not care whether it is Canadian or American, because they buy on both certificates.

*By Mr. Cote:*

Q. Why would it hurt us if we put that on?—A. For the reason that it would cause confusion to the buyers. Now don't run away with the idea that the man on the other side buys Canadian grain and makes flour out of absolutely Canadian grain, because he does not do it. He is the greatest blender in the world; and you can't touch him on this side.

*By Hon. Mr. Malcolm:*

Q. The Harbour Commissioners of Montreal do not want to be under the stigma of violating the Canada Grain Act. There should be no accusation of that kind, because in no way are they violating it. There were, however, about three million bushels of Canadian low grades mixed with American grades?—A. Close to four millions.

Q. So that the total of low grades blended with American grain in Montreal is relatively small?—A. Very small.

Q. Now the Inspection department say that if covered by a section of the Act there can then be no more discussion on that point. They would rather have it stated in the Act. Now, what I am anxious to know from you as a broker—as chairman of the Standards board,—would it be a disadvantage or would it be an advantage?—A. Well, I consider any market you can find for grain, it is an advantage—must be an advantage. My own opinion is, and I think perhaps you might say that we can forbid the mixing at Montreal in spring wheat—I have my own opinion about that too.

*By Mr. Motherwell:*

Q. May I ask this: There are certain practices at Montreal that are not prohibited by the Act. It is claimed to be to the advantage of the producer as you have described. You do not like to be under a stigma, as Mr. Malcolm has indicated in doing anything illegal. Now, you are recommending that this mixing practice be legalized?—A. Yes.

Q. Then you say: come to the head of the lakes. It was first practised for twelve years and then legalized?—A. May I answer Mr. Malcolm first. In regard to amending the Act, I would have a clause put in there forbidding us from making any grade at the seaboard that exists at Fort William or west, and exclude, if you will, the Manitoba spring wheats.

*By Mr. Donnelly:*

Q. I understood you to say that on the whole the Canadian wheat going into mixing was better than the American wheat going into mixing. Of the two, the American wheat going into mixing and the Canadian wheat going into mixing, you said that sometimes it is better than the American grain and sometimes worse, but on the whole you thought the Canadian wheat going into mixing was a little better than the American wheat?—A. That mixing with American—the American wheat is not all of one grade. We get sample grades there as well as in Canada. In mixing, sometimes the American grain that the exporter has on hand may be a little above our standard and we may use some Canadian grain to mix with it of a lower quality, or we may use some American grain to mix with it.

Q. I understood you to say that on the whole the Canadian grain was better?—A. Yes, I think it is.

Q. If you are making a mixture and you are putting better Canadian wheat into that mixture than American grain, why can you not find a market for that

[Mr. Norman Wight.]

good Canadian wheat, if it is better stuff?—A. In regard to 3 C.W. Amber, I think the producer gets more money for it on account of the mixing than if it was not mixed. In regard to the samples, it is difficult to find a market for them, and the sample shipments that go forward may be made up of a lot—a mixture of a lot of grades would be a drug on the market. There is nothing to them. We could not find a market readily for that stuff.

*By Mr. Brown:*

Q. I know there is a lot of confusion. There is certainly in my mind in regard to the higher grade Durums. I may be wrong in this, but it seems to me that testimony was given in the early stage of this Committee that the high grade Durums from the west were mixed with low grade Durums from the United States, and shipped out to the detriment of the Canadian standards. Now, so far, you have said nothing of grades higher than 3 C.W. Are there any of the higher grade Durums that go out under the standards that you have set at Montreal?—A. No, none at all.

Q. We are clear on this point that the higher grade Durums are not mixed to their detriment at the port of Montreal?—A. No, they are not. We have used some tough 2 C.W. Amber, but not the straight grade.

*By Hon. Mr. Motherwell:*

Q. Were those high grade Durums mixed at any time during the last two or three years?—A. Never, sir.

*By Mr. Ross:*

Q. In the case of your high grade Durums, don't you think that the Canadian Durum that goes down is cleaner than the American Durum from Duluth. There is one reason?—A. That is one reason. Of course, the inspector takes all this into his consideration—cleanness of the grain, the quality of the grain, the percentage of Amber wheat—that is what guides you in inspecting at Montreal.

Q. By mixing you Canadian Durum which is considerably cleaner than the American Durum as it leaves the lake head you are getting a better sample of the whole going out, and you get your grade by the inspector a little better by the introduction of a certain amount of Canadian 3 C.W. into it?—A. Sometimes, yes. The grade that we mostly use at Montreal of American Durum is No. 2 Durum, inspected in Duluth—inspected there as No. 2. The great bulk of the grain used at Montreal is No. 2 Duluth Durum.

*By Hon. Mr. Malcolm:*

Q. Will you admit this to the committee, that the most of the American Durum is No. 2, and the most of the Canadian Durum that goes in is No. 3 and lower; that there are two distinct advantages to the American shipper. One is what Mr. Ross has referred to—grade 3 Canadian Durum may be cleaner—and Canadian Durum which is tough can be mixed in dry No. 2 American without lowering the price for the mixture. Is that really not the reason for the mixing of Canadian tough with the American dry?—A. He finds a sale for it. You must remember—must take into consideration that there is a great deal of competition in the business, and all the exporters are on the same footing, so there is no extravagant profit made on it. I don't think—I am pretty sure if there was an extravagant profit in the export grain business we would be flooded with exporters. I do not think we have as many exporters as we had thirty years ago.

*By Mr. Young (Saskatoon):*

Q. Following Mr. Malcolm's question as to making a new certificate which would state the exact origin of the grain, you said that would not be quite so good?—A. No.

[Mr. Norman Wight.]



Q. What is the disadvantage in stating the fact in the certificate?—A. For the reason I have already stated. If you were a buyer on the other side, and you were not on this side at all you do not know anything about this side, but you do know you have bought No. 2 Amber Durum wheat, and you get one certificate from the same seller—one with one thing on it and one with another. He is quite satisfied to take the Canadian Inspection certificate, and he is quite satisfied to take the American certificate, because one is shipped from the Canadian port and the other is shipped from the American port; but don't confuse them further by stating anything on the certificate and making him wonder how much Canadian he is getting in it and how much American.

Q. Is it your opinion that these two samples going out from the Canadian port and the American port are equal in value?—A. No. I think we are perhaps a little shade lower than the American. I do not think that ought to be given out to the newspapers really because I think we inspect on different grades. In the United States they have got to state first of all the number of pounds, the minimum weight per bushel. They have to give the percentage of damaged kernels. They have got to give the amount of foreign material, and so on. That all goes on the certificate, and wheat weighing 62 pounds to the bushel could not have one more damaged kernel in it, although everybody would want 62 pound wheat in preference to 58.

Q. You say you cannot fool the European buyer?—A. No.

Q. Still you say our sample is a little inferior to the American sample?—A. Yes. He pays less for it. He is getting what he is paying for.

*By Mr. Ross:*

Q. You stated a few moments ago that the American ports took the trade away from you and you took it back from them and they took it away from you again. Was the reason for that, first of all, that the American lowered his standard a little and got the grain through his ports; then you lowered yours and got it through yours; and then he lowered it again and got it through his?—A. No. We lost it all in the first place because we had not the grade of 48 pound malting barley.

Q. It was a lower grade?—A. We had not the grade at all.

Q. Not low enough?—A. No. We did not have a grade 48 pounds for malting barley. The buyers evidently, on the other side, wanted 48 pound malt-ing barley, and we could not sell it to them. We had not such a grade, and we did not make the grade for about fifteen months afterwards.

Q. You made it?—A. Eventually we made it.

Q. And got the trade?—A. And got the trade.

Q. You lost it again?—A. Yes, because they made a grade on No. 2 barley which we were not permitted to make.

Hon. Mr. McDougald: I was going to outline my conception of the duties of the Harbour Commission of Montreal. We are there to provide facilities for the handling of the Canadian crop. We are there to serve the western people as well as the eastern people. We have no jurisdiction over the sales of western wheat. We have nothing to do with the inspection of the wheat; but we are there to see that we handle the crop—I am confining myself to wheat now—at the minimum of cost, and by doing that we feel that we are making it possible for the Canadian crop to be marketed in the markets of the world.

Now, there is a reason why we are so keen about getting this American movement through Montreal. You will readily understand that our fixed charges are the same whether we handle one hundred million bushels of grain or two hundred million bushels of grain, and we are there to get business and to lower the cost of operation. I think that is what we all have in mind; and I know that the Commissioners and the staff on the harbour have nothing in mind but

[Mr. Norman Wight.]

to serve the people of the west as well as the people of the east. We are there to take suggestions from all interested parties, and to carry out, as far as we can, the wishes of the people we serve. There is nothing we have to hide. We are there acting in the best interest of all. We are trying to carry on business in a business-like way; and we are ready at all times to have any kind of an investigation or to produce any documents or any figures of anything we have.

On Saturday, I understand, some of the western members are coming to Montreal, and I would like to suggest to the chairman and the members of this committee that as many as can should come to Montreal and have lunch with the Harbour Commissioners in the harbour and let us take you around and show you just what, we are doing. I know some of you have been there before; but the business has grown so tremendously in the last few years and the facilities provided have grown so rapidly, that I think in the lapse of three or four years no one has any conception of what we have been doing there. In a word I might say that we have spent, in seven years, nearly 23 million dollars in providing elevators, docks, sheds and so on, while for a period of ninety years before that they had spent 30 million dollars. Now, that is largely for the benefit of western farmers, because most of that money has been spent on elevators and dredging to bring the large boats up to Montreal.

I would like very much, then, if the members of this committee would come to Montreal and let us show you around the elevators, and what the practice is. I think then you will understand some of the questions that are being asked here. You will understand them much better when you are there to see for yourselves. I leave that to you, Mr. Chairman, and will be delighted if you can get as many as possible to come down.

Witness retired.

The committee adjourned to meet at 4 p.m. this day.

## AFTERNOON SESSION

The Committee resumed at 4 p.m., Mr. Kay in the chair.

The CHAIRMAN: Gentlemen, Mr. Wight would like to make a statement again, and he tells me that he finds it very hard to make a statement if he is continually interrupted and thrown off the thread of his discourse. I would ask the members to allow the witnesses to finish their statements, and keep the questions until the end of the witness' statement.

Mr. BROWN: And the first man who interferes we will throw him out.

Mr. N. WIGHT recalled.

WITNESS: I was asked the question this morning, and I do not think I answered it; What grades we make at the seaboard. We make Two Amber Durum Wheat, rather Two Rye Western, and that is about all we do at the present time. We have a grade of No. 2 Barley Export, but we do not get any of our western barley to make that grade. I do not know that Mr. Kay led you to believe that I had a lot to say, I have not anything more really to say this afternoon. I would like to go home. If there is any question you would like to put to me, to clear up anything I said this morning, I would be glad to answer it.

I can assure you that we do not do anything at Montreal that is detrimental to the Western producer. We have no such intention at all. We have never had any intention of doing that at all, and I do not know that we do in any way hurt the producer. I am sure we do not. I am sure that we make a market for grain that it would be very difficult to find a market for. The fact is that exporters who do not handle what we call macaroni wheat frequently have Western Amber Wheat to sell, and they sell it as No. 3 C. W. Amber—they sell it on this side. Now, nobody would sell wheat in the lowest market; it is unreasonable to think that anybody would sell No. 3 C. W. Amber at less money than they could sell it for on the other side. I know of exporters in the export business who do not do this mixing at the seaboard, and they sell their No. 3 C. W. Amber on this side; they do not sell it on the other side, because they cannot find a sufficient market for it, and they prefer to sell it for mixing rather than on a straight grade. That is my opinion, and I am pretty sure I am right on it. I want it clearly understood that we do not do anything that we consider would be detrimental to the producer. We are all good Canadians, and we know that if the Canadian producer gets a low price for his grain the country is going to suffer for it. That may be bringing a little sentiment into this gathering, nevertheless it is a fact, and so far as the exporter is concerned, it does not matter to him whether wheat in store at Fort William is \$1 per bushel or \$1.50 per bushel. If it is \$1.50, that is the market value, and there is so much competition in the export business that he does not make any more money on dollar wheat than he does on the dollar fifty wheat. I think that should be generally known to the Westerner because the exporter has no interest whatever in putting down the price of wheat; in fact when wheat is high he can do business in an easier way than when it is low, because when the price is low it shows that the demand is poor, that they have not got the demand for it.

The price is of wheat of course on supply and demand, the same as on everything else. Now, in England, and on the Continent as well, very little Manitoba wheat is ground by itself, very little of it; it is blended in the mills there along with Argentine wheat, American wheat, Australian wheat, and Indian wheat.

[Mr. Norman Wight.]



They will grind at one time as many as fifteen to twenty grades of wheat in their mill, grinding the same day, and when Canadian wheat is out of line in value with something else the miller on the other side decreases the quantity of Manitoba wheat he is putting into his flour and increases something else. He is making a good flour all the time, and that is what he was doing.

With these few remarks, if you will allow me, I will sit down. I do not know that I have really anything more to say to you.

*By Hon. Mr. Motherwell:*

Q. Do you think this habit is likely to grow on you; it does not seem to be serious, the amount of mixing that is done, but when it is done the tendency is to develop it along some other lines. I was wondering if there was any danger of that in Montreal, because we have had a very vivid experience of it elsewhere?—A. That has been going on for I do not know how many years, perhaps three or four years.

*By Hon. Mr. Malcolm:*

Q. Longer than that, but I think three or four years on the open certificate.—A. Last year I do not think we used any Three C. W. Amber Wheat in mixing at Montreal, and previous to last year I do not think we did. The reason we were sort of compelled to put No. 3 C. W. Amber Durum and make No. 3 Amber Durum was that there was no toughs of the grade in the 1928 crop.

Q. In the 1927 crop you used Tough?—A. In the 1927 crop and in the 1926 crop as well.

*By Mr. Coote:*

Q. Can you tell us what would be the difference between 2 C. W. Amber Durum and No. 2 Amber Durum so far as the reputation of the wheat is concerned?—A. No. 2 C. W. Amber Durum of course is a higher grade, quite a higher grade and it commands of course a much higher price.

Q. Would it not seem to be a little bit misleading, to have a No. 2 C. W. Amber Durum and then No. 2 Amber Durum which is not nearly its equal in quality?—A. No. The buyer on the other side is quite aware of the difference. He is aware of this, that the Board of Grain Commissioners as you know send the standard samples over to the other side as soon as they can be made. Then they also set the standard of the Two Amber Durum we make at Montreal. The buyers see the difference. There is no deception as between the Two C. W. Amber Durum and the Two A. D. There is no confusion either, because in the first place the buyer on the other side has been accustomed for years to getting No. 2 Amber Durum wheat.

Q. Just how many years, can you tell us, have you been making these two Amber Durums?—A. At the time it first came to my notice it was being shipped as No. 1 Macaroni wheat and No. 2 Macaroni wheat because those were the grades they had in the United States at the seaboard. They afterwards changed that and called it Durum Wheat, and they continued shipping afterwards as No. 2 and No. 2 Mixed Durum, and No. 2 Red Durum.

Q. Your Standards board are making the standard for No. 2 Amber Durum, are they?—A. We make Two Amber Durum, Two Mixed Durum and Two Red Durum.

Q. I was wondering how many years you have been making up these standards?—A. I would not like to state, but possibly we made the change about the time the Americans made theirs.

Q. How long have you been on the Standards Board, Mr. Wight?—A. Not over three years there, perhaps four years.

Q. Then it was previous to your term of office on the Board that they used the Durum Macaroni Wheat?—A. Yes.

*By Mr. Brown:*

Q. I am going to read a paragraph from a statement made by a former witness. I may say I do this in order that we may get a clear idea as to the exact situation in regard to mixing Durum wheat. I mentioned this morning that an earlier statement had been made which would seem to indicate that our higher grade Durums were mixed, to the detriment of others. Now, this is the statement, which I perhaps may disinterpret. It was made by the President of the Manitoba Wheat Pool:

The mixing of our Durum is very important. The pool has been developing a market in Europe for these grains, under their Canadian name, that is, we have been developing a market for Canadian Durums which are very much superior to the Durums grown in the United States. I am informed that at one time the United States Government brought from Russia some thirty different varieties of Durum, some of them of very low value for making macaroni—that is a particular use of Durum—and these grains were put out to the farmers before they were properly tried out, with the result that the United States farmers have been growing a mixture of Durums of low value as compared with Canadian Durums. On account of the small volume of Durums in our West, they were using this Canadian Durum to build up the quality of this American Durum. Now, we have Durum coming forward in such volume that it equals about one-half the wheat handled by the Manitoba pool, a late yet fair Durum wheat. It is important that we market that grain by itself without having it mixed with American grain, so it is a very serious matter to the producers of Durum wheat, the same as to the producers of barley.

I may put a wrong interpretation on that, but the impression made upon my mind was that our higher grades were being mixed with low grade American Durums and were put on the market under the grades given in the Canada Grain Act as One C. W. and Two C. W. Durum. Now, I may have been wrong in getting that impression from Mr. Burnell's remarks, but I would like you to again state what you know in regard to that situation, in any degree. Are our higher grade Durums being mixed with lower grade Durums and being put on the market under those grade names?

The CHAIRMAN: What page are you quoting from, Mr. Brown?

Mr. BROWN: I am quoting from page 11, No. 1 of our reports.

The WITNESS: Well, it depends on what you call your high grade Canadian wheat. I have already stated that we do not use any 2 C. W. Amber Durum wheat. We never have. Until last year we never used any 3 C. W. Amber. It is not true that we use the high grade Amber for mixing. We do not do such a thing. I do not know whether the pool ever sell any of their 3 C. W. Amber Durum on this side. If they do, then why do they sell it? They have got their selling agents on the other side. Is it not because they are getting good value for it, or more money for it on this side? I think that is the answer as to whether the producer is being benefited by mixing at Montreal. Do not think that there is any idea of making the buyer on the other side think that the 2 Amber is equal to the 2 C. W. Amber. When he asks for 2 C. W. Amber and he has to pay such a high price for it, and he is offered 2 Amber Durum he knows it cannot be the same grain.

*By Mr. Coote:*

Q. On the face of it, is it not somewhat confusing?—A. No, not at all; it cannot be confusing. He has got the samples of the standards on the other side.

[Mr. Norman Wight.]

Q. The only difference is the inclusion of the two words "Canada Western." On the other certificate these words are omitted and it is called "2 Amber Durum."—A. The grade in the States is 2 Amber Durum. It cannot be anything else, and whether the grain is graded 2 Amber made up of Canadian and American, the certificate does not show that.

*By Mr. Millar:*

Q. As I understand it, Mr. Wight, there is a Durum wheat, rye, barley and perhaps oats, from western Canada, graded in Winnipeg on one standard and carried across to the ultimate market on an entirely different standard. Now I doubt very much if that is very satisfactory to those who are growing it. Are there any unsurmountable difficulties in carrying the Winnipeg standard right through to the ultimate market?—A. Well, there is the difficulty in this way, that the buyer on the other side is buying millions of bushels of 2 Amber Durum wheat on seaboard inspection; he is taking it, and that is what he wants. He would not buy it if he did not want that particular grade at a price.

Q. Would he not buy it on the Winnipeg inspection if it were given to him?—A. He would if you give it to him at the same price. He is anxious to get it at the same price as he is getting the 2 Amber Durum. He is particularly anxious to get it, and very often, if you ever hear of a complaint from the other side, it is because the buyer on the other side wants to get a better wheat for the same money.

Q. Will competition not always force the grain up to its real value? Is there not competition enough there to do that?—A. On the other side?

Q. Yes.—A. Why, certainly there is.

Q. Then there is apparently no reason why the same standard should not be carried right through to the ultimate buyer?—A. Well, it is. If a man buys 2. C. W. Amber he gets it; if he buys 3 C. W. Amber, he gets it. It is being offered to him all the time. Why does he not buy it?

Q. You mean on the Winnipeg sample?—A. Yes. We do not call it 3 C. W. Amber at the seaboard.

Q. As I understand from your evidence, there is quite a lot of barley, wheat, rye, and perhaps oats—I am not sure about the latter—sent overseas on an entirely different standard from the Winnipeg standard. It is bought from the farmer on one standard and shipped out on a different standard?—A. No. As you see, the quantity used in mixing is only 2,700,000 bushels; rye, 1,700,000 bushels. I am speaking from memory. I was surprised to hear to-day that there were some oats—according to Mr. Ferguson's statement I think about 28,000 or 29,000 bushels—apparently a mixture of tough 1 feed oats and oats scalplings. It is just exactly three thousand quarters of oats. Evidently some one has sold scalplings guaranteed to weigh so many pounds per bushel and they did not weigh that and some tough 1 feed oats have been put in to bring the weight up; but they received no inspection at Montreal; they were merely shipped as mixed oats.

Q. I am speaking merely of those that do receive inspection at Montreal, going out on a different standard. While it is a small amount now, rather insignificant, it is something that may grow and become rather troublesome later on?—A. I am only speaking from what I know personally, and I do not know of any oats that were inspected at Montreal last year.

*By Hon. Mr. Motherwell:*

Q. In connection with your suggestion of this morning, Mr. Wight, would we not have to extend that to the Maritimes too?—A. To St. John and Halifax?

Q. Yes.—A. Yes, of course.

Q. And the Pacific ports?—A. Yes, everywhere.

[Mr. Norman Wight.]



Q. And the transfer houses on the Georgian Bay ports, why should they not have a whack at it? Where are you going to stop? We cannot make fish of one and flesh of another. I think you will find that they will all be wanting it?—A. I do not think the Georgian Bay ports would want it.

Q. My information is that they are dabbling a little at it now. Why should they not when it is a legalized practice at the head of the lakes? This is a very contagious disease, if I may use that expression?—A. I know, but they do not mix grade there; they have no object in mixing it.

Q. Well, I find it bobbing up in most remarkable places. I do not see why they should not have the same right at the head of the lakes and the transfer houses?—A. You mean the owner of the grain would do that.

Q. Anybody that can get a crack at it?—A. You do not mean the public elevator doing that?

Q. I do not see much difference between public elevators and private elevators as far as mixing is concerned.—A. I do not think we need fear the Georgian Bay ports or the interior elevators making a seaboard grade.

Q. I expect that if we authorize Montreal to mix, no matter how modestly, Mr. Wight, all the rest of them will expect the same privilege.

*By Mr. Brown:*

Q. Is this not just a seaboard grade wheat? We are dealing with the mixing of American wheat with Canadian wheat. The Georgian Bay ports is not an analogous case at all.

*By Hon. Mr. Malcolm:*

Q. Mr. Wight, will you give the Committee your opinion in dealing with something that is not mentioned of in the Act,—whether or not the owner of the grain should have the privilege of mixing Canadian wheat with American wheat which he owns at Montreal in the same way that he now does at Buffalo and New York. It is apparent from the figures given us that there is only about 10 per cent of No. 3 Amber used. Has any greater quantity been used in former years, than this year?—A. No, I would not say so.

Q. In your opinion, the practice has been indulged in only to the extent of the availability of these lower grades?—A. That is all.

Q. And just as the lower grades are obtainable for that purpose some of them are used for that purpose. If they were not available they could not be used?—A. So far as I know, all the Durum wheat that goes forward to Montreal is inspected in some shape or form. It goes to make up 2 Amber Durum or 2 mixed Durum, or 2 red Durum—

Q. Mr. Motherwell is expressing great fear of this practice growing. I do not think there is the remotest danger. No. 3 C. W. Amber Durum can be sold in Liverpool on the grade, given at the head of the lakes?—A. It certainly can.

Q. The owner of 3 C. W. Amber Durum wheat has now the privilege of selling it f.o.b. Montreal to the owner of American No. 2 Amber Durum for mixing, and if he cannot get as much money for it, thereby he can ship it through on its own certificate to Europe?—A. That is right.

Q. The mixing never could exceed the supply of No. 3 C. W. Amber, which is less than a million bushels?—A. You have the lower grades—

Q. That would be the maximum of the mixing that could possibly take place?—A. Yes.

Q. There never has been any 2 C. W. used for this purpose?—A. Never.

Q. Supposing that 2 C. W. Amber Durum were used in the same way that 3 C. W. Amber is used, would you consider that it is not covered by the Canada Grain Act?—A. I do not think it is covered by the Canada Grain Act.

[Mr. Norman Wight.]

Q. The recommendation of the Inspection Department is that in order to dispose of these lower grades they would like permission to issue a seaboard certificate stating distinctly what that grain was, that it was part Canadian and part American origin, and that we could then allow the low grade wheats to be used. We could deny the right of any other grade above 3 C. W. being used for the purpose, compelling anything above 3 C. W. to go through on its original Fort William certificate. You have suggested that if the request of the Inspection Department to state on the seaboard certificate "this grain is a composite mixture of Canadian and American grain" it would spoil the business, because it would complicate the number of certificates issued?—A. Yes, I did say that, and I am firmly convinced that it would be a mistake. We are not deceiving the buyer at all. He does not care whether it is Canadian grain or American grain, but it would be confusing to him to get from the same seller on this side one certificate for 2 C. W. Amber which does not say where it comes from, and from the same buyer again he would get an inspection certificate, a certificate which says that it is Canadian and American, in buying American and Canadian. Now, we know that in the States they mix Canadian and American together, and they do not say where it comes from. They know that the buyer does not care where it comes from. All he wants is the quality of wheat. That is all that he asked for, and he expects to get; and he does not care whether it is American or Canadian wheat.

Q. Mr. Wight, will you answer this question, because I think it is important. The harbour of Montreal is a public harbour. They bin wheat that is graded out as American wheat. That is quite legal. The harbour of Liverpool is a public harbour; they bin Argentine wheat as well as American wheat. Is there any regulation in the Liverpool elevators to prohibit an owner of grain from mixing Argentine and Canadian wheat?—A. None whatever; it is sometimes ordered to be mixed.

Q. The harbours all along the American seaboard, Baltimore, Boston and Portland, are all public harbours?—A. Yes.

Q. They rent space?—A. Yes.

Q. There is nothing at Baltimore, for instance, to prohibit a man from bringing in a load of Argentine wheat and mixing it with American wheat?—A. Not that I know of. It does not state on the certificate the country of origin, and would not unless it was to their advantage to put it there, as they have done, on the Manitoba wheat.

Q. What right has the Parliament of Canada to prohibit a dealer buying wheat in the Argentine, in the United States, or in Canada, renting bin space in the Montreal terminal elevator, which does not mix it, within its bin space, mixing it on board that steamer?—A. There is nothing to prevent him from doing that.

Q. Is there any legislation which could be passed which would prevent that?—A. No, I do not think so, not without interfering with the rights of the individual and private shipping.

Q. All we can do is to regulate or control our own grain?—A. Yes.

*By Mr. Millar:*

Q. You could not do that and have it go on a Canadian certificate?—A. No.

*By Hon. Mr. Malcolm:*

Q. The only advantage he has is the fact that your Standards Board give him a certificate. He would have no trouble in setting up a sample of the mixture he was selling, and selling it on sample?—A. None whatever.

Q. Would the harbour of Montreal still get this business on sample, if it could not get it on your certificate?—A. No, we would lose that to the American ports.

Q. So the American ports provide the facilities with no restrictions, and the American government also gives an open seaboard certificate?—A. They certainly do.

Q. And we at the present time give an open seaboard certificate, but on neither certificate is it stated what the origin of the grain is?—A. No.

Q. In your opinion, it is rather helpful in disposing of the low grades?—A. I think so.

Q. And if we succeed in stopping that we would only succeed in diverting that much grain to American ports?—A. Yes.

Q. Which would give much less business to the Harbour Commission in Montreal and thereby increase the overhead of the port?—A. Not only at Montreal, but it would have a serious effect at west St. John and Halifax. It would be serious for them, because the percentage of grain inspected at the seaboard in winter time is greater than in the summer time.

*By Mr. Vallance:*

Q. Following up the argument of the Minister (Hon. Mr. Malcolm), are we led to believe that all American wheat that comes to Montreal comes in because it has the privilege of being mixed with Canadian wheat?—A. Oh, no.

Q. You say that it would have a tendency to divert American wheat from Montreal?—A. That is very true. I would not want to lose our low-grade Canadian wheat, but we would lose the American wheat coming here. Every exporter when he is looking for seaboard grade has to have some protection, in case that wheat should not grade.

*By Hon. Mr. Motherwell:*

Q. Why do you refer to No. 3 Amber Durum as a low grade for the last two years? Has there been much every year?—A. It is very low grade, sir. Three Amber wheat is not good wheat.

Q. Is there much 1 and 2 these last few years?—A. I do not know what becomes of the 2.

Q. Is there much 1 and 2 red wheat?—A. I never saw any 1 at all.

Q. I think the reason there is so much 3 is because that is practically the top grade in the Durum, the same as it has been in the red stuff?—A. In certain seasons. I consider the last crop of 3 C.W. Amber is the poorest I have seen up to date.

Q. That may be, but supposing it is the highest we have.

Mr. BROWN: It could hardly be that, because there were only 2,000,000 bushels accounted for in the figures that Hon. Mr. Malcolm put before us this morning. There must be an immense amount of Durum wheat some place else.

WITNESS: We do not know what becomes of it, we do not interfere with it; it may go to the United States. They can do what they like with it down there, but we have made no attempt to do anything with it. I have never seen a No. 1 C. W. Amber. Personally I will not inject into this argument anything I do not know, and I do not know anything about No. 1 Amber Durum wheat. I have never seen it. I have seen No. 2 C. W. Amber, of course, but we have never touched it. Anything that has come as No. 2 C. W. Amber to Montreal must have gone out as 2 C. W. on western inspection.

*By Mr. Lucas:*

Q. Have you any idea of the total quantity which went through Montreal?—A. No.

*By Mr. Millar:*

Q. Your evidence would indicate that Montreal has been largely driven into this practice to meet the competition of the Americans. Supposing the Ameri-

[Mr. Norman Vight.]



cans were to extend their practice to our better grades of red wheat from western Canada—A. You mean the Red Fyfe and the Spring Wheat?

Q. Yes. Would you like to make any rash promises that you would not come to Parliament and ask for the same privilege to meet that competition?—A. No, I do not think so. So far in all the years I have been in business I have not seen anything that would compel us to do that.

Q. But if they do extend their operations to mixing those wheats, would it not have exactly the same effect and would you not have to come to Parliament and ask for the privilege for Montreal or else lose trade? Would that not follow?—A. Yes, it would. If we found a demand for the wheat on the other side, we would possibly have to come.

*By Mr. Brown:*

Q. If you were giving seaboard inspection, but remember we are retaining the Fort William inspection.—A. Yes. Do not misunderstand me. If competition should be such and the demand for the lower grades of wheat from the other side came, it might be to the advantage of Canada to meet that demand.

Hon. Mr. MALCOLM: I think I can supply some information from the Report of the Trade of Canada on the question as to how much Nos. 1, 2 and 3 Durum there is. 1926-27 was the year when you used a lot of tough,—

The WITNESS: Yes.

Hon. Mr. MALCOLM: A statement which I think might well be called to the attention of the committee was made by Mr. Burnell that forty per cent of the wheat grown in Manitoba was Durum. This can hardly be a fact. The wheat inspection in Manitoba in the year 1927 is given as 42,000,000 bushels, and the total inspection of Durum in all provinces for that year was only 13,000,000 bushels, grading as follows:—

No. 1 C.W.	30,000;
No. 2 C.W.	632,000;
No. 3 C.W.	988,000;
No. 4	63,000;
No. 5	11,000;
Rejected	192,000;
No Grade Tough	11,088,000;
Smutty	164,000.

In addition there was about 135,000 of Red Durum. The bulk of the 1926-27 crop was Tough.

The WITNESS: That follows up what I have just stated, that we used no strait 3 C. W. Amber in those seasons. We used the tough grades absolutely. In making a grade we are compelled to take a little into the straight 3 C. W., but I can assure you, as I have stated, that the 3 C. W. Amber in last year's crop was pretty poor Amber wheat.

I do not like to make these statements, because they go out to the press, but I think that the Saskatchewan Royal Commission did not do this country any good; they did it a great deal of harm. In regard to the evidence of mixing at Fort William, the people on the other side do not understand that it was at Fort William, and was something between the producer and the elevator there. They take it as coming from Canada, and it is a serious thing to put anything across anywhere, either on this side or the other. People think of mixing as something like putting water into milk. That is not what mixing is, but they get that impression.

*By Mr. Coote:*

Q. Did you tell us a little while ago that they based their price on what they got?—A. They do, but it is wheat all the same. We are making a grade, do not

[Mr. Norman Wight.]

forget that. The evidence that went forward was that the grade was made and then mixing was done, because one of the inspectors, or I think an ex-inspector made the statement that if the buyer receives the wheat as it was inspected at Fort William there would not be any complaints.

*By Hon. Mr. Stewart:*

Q. Mr. Wight, may I ask you this question; Mr. Ferguson, giving his evidence this morning,—he was not present here when you were giving yours,—made the statement, if I remember correctly, that there was a small amount of mixing, a small amount of Canadian grain into some 22,000,000 bushels of American low grade, mixed in Montreal.—A. I would not call it low grade, Sir.

Q. I got this impression, and am I right or wrong, that by the injection of the Canadian grain into the American it raised the standard of the mixture?—A. I made the statement that it generally does; but there are times when it would probably bring it down to the standard by using low grade Canadian, for we get some very low grade Canadian.

Q. The statement was, generally, that the mixture of American into the low grade Canadian raised the standard of the whole?—A. Generally.

Q. We are told that only 22,000,000 bushels went into the whole.—A. There was a time when we could put a little inferior stuff in and bring it down to our standard.

Q. Then he made another statement, which I think was quite correct, that the purchase of Canadian grain by the American exporter to boost up his particular grade was at a somewhat better price than the Canadian exporter could get if he shipped through on the Canadian grade. Is that correct?—A. Yes, this afternoon I made that statement, that they would not sell it on this side if they could get a better price on the other side, or an equal price. People never sell anything in the lowest market.

Q. I am not concerned about that, and I do not think they do. What we are anxious to know is just where the producer gets off in this mixing game all along the line, in Montreal as well as elsewhere? Your statement is that while it increases the value of the American product to some extent, the American exporter is willing to pay a larger price than the current price for that Canadian grain to put it into his?—A. Yes Sir, that is true.

Q. So that the producer, if it gets back to him, would get more than he otherwise would if mixing were prevented?—A. He would find it very difficult to sell it at all.

Q. He has no difficulty in selling the one and two grades of Durum,—they go through as straight grades?—A. They do, but it is slow selling. He never sells any No. 1 on this side, and it is slow selling for No. 2.

Q. You say there is nothing but No. 3 mixed, and for that one it is difficult to sell as straight grade?—A. You say your 2 C.W. goes to the other side as 2 C.W.; I cannot see that. I think a large proportion of that 2 C.W. goes to Buffalo and does not come to us at all. It may be mixed in New York with still poorer American wheat.

Q. Supposing we decide by law to prohibit mixing altogether at the Port of Montreal.—it is a Canadian port and under our jurisdiction as is Fort William; supposing we say there must be no mixing at Montreal and everything must go out as it is sent forward, then you say we would lose the 22,000,000 bushels of business?—A. We would lose more than that. We would lose the other grain as well which comes down and grades straight grade American.

Q. Why do you say that?—A. Because, as you have just stated, we use our Canadian grain to make certain we are going to get seaboard inspection on that grain.

Hon. Mr. MALCOLM: You do not understand Mr. Stewart's question.

[Mr. Norman Wight.]

*By Hon. Mr. Stewart:*

Q. I make it 22,000,000, because that is the mixture; but the straight grade American you say we would lose a portion of, why?—A. Because straight American grain, when it comes to Montreal, you do not know what grade it is going into; and the Americans would naturally route it to where they are going to make use of it.

Q. But if he does not intend to mix it and it is more advantageous? He only ships by the route which is most advantageous and the cheapest. Why would he cut out Montreal because he was prevented from improving 22,000,000 bushels of the balance?—A. Because he wants seaboard inspection on it.

Q. It goes through on his own inspection as American grain?—A. There is practically no other Amber which goes through except on seaboard. There is only Canadian Western Amber which goes through on the western inspection.

Q. What Amber do you give seaboard inspection?—A. There were 47,000,000 bushels, if I remember rightly,—How many bushels all told of Durum wheat went out through Montreal, outside of Canadian, that went out on the United States inspection? I think it is 47,000,000.

Q. If there is no mixture, and it is an American grain and it is not degraded, wherein do your official duties come in to give it a seaboard inspection? Does it not go through as American grain?—A. No, all Durum wheat which goes through is given an inspection.

Q. At the request of the exporter?—A. Yes. Their grain is sold on seaboard inspection, and we give it United States standing.

Q. You pay attention to the port where it comes from?—A. No, we do not. The Canadian inspector has a standard to go by, and he grades it according to that standard. He does not care what it is.

Q. You do not put any grade on the straight American 1, 2 and 3 Northern, do you, passing through?—A. We can.

Q. But you do not do that, as a matter of fact?—A. As a matter of fact, we are not getting any to speak of,—of spring wheats you are speaking?

Q. Yes.—A. We do not get any practically. It has mostly gone out on Duluth inspection.

Q. Can you tell me why the American exporter wants you to put the seaboard inspection on his grain?—A. Because he sells it on the seaboard inspection, and that is probably the only way he can sell it. The buyer wants it under seaboard inspection. He does not want to go back to Duluth and take the risk of that grain beyond Montreal. Every day you hold grain adds to the risk of that grain. We have frequently had grain inspected in Duluth or Chicago arrive at Montreal out of condition. And the buyer on the other side does not want that risk. In connection with Manitoba, it is entirely different. They have had an experience—

Q. There is no American grain going through Montreal that goes out except on seaboard inspection?—A. There is some hard red wheat that has gone out on western inspection.

*By Hon. Mr. Malcolm:*

Q. Is it not the case that there is practically no American wheat handled through the port of Montreal, other than Durums?—A. That is the great bulk of it.

Q. If the dealer did not have the privilege of accepting either the certificate under section 97 which says it is all American grain, and the alternative open certificate, he would not ship to Montreal at all?—A. I believe the great bulk of it would not come to Montreal.

Q. And when he sends a shipment to Montreal that will grade up to our standard certificate, by which it is said it is of American origin, it goes out in

[Mr. Norman Wight.]



that way; and when he sends a shipment which goes beyond the inspection of Montreal, or which is above the grade he wants to mix some low grade or tough.

Hon. Mr. STEWART: What I want to get at is this: the witness has stated that if we prohibit mixing it will likely deprive the port of Montreal of all the American business?

Hon. Mr. MALCOLM: Of the Amber business.

*By Hon. Mr. Stewart:*

Q. That is probably all the business. I want to find out what the effect will be if we decide to prohibit mixing. Is there any reason, if we prohibit mixing, why the American could not mix his own, if it is above grade?—A. Do you mean at Montreal?

Q. Yes?—A. No, he has got to get the seaboard inspection certificate, and he cannot get it if it is prohibited.

Q. What I want to get at, Mr. Wight, is this: is there a danger of losing the whole of the American business if we prohibit the mixing of the three million bushels of our grain? I am not suggesting prohibiting the mixing of American grain, but if we prohibit the mixing of the three million odd bushels spoken of this morning, with the American grain at the port of Montreal, will it have the effect of eliminating the whole of that business through the port of Montreal?—A. I certainly would say we would lose 75 per cent of it anyway, and St. John and Halifax would be affected to a larger percentage.

*By Mr. Coote:*

Q. I want to ask this witness two or three questions. Is all our No. 3 Durum, Canada Western Durum and lower grades, used in mixing in Montreal, or does some of it go forward under the original grade?—A. A little of it goes forward as straight grade 3 C. W. Amber.

Q. The next question is suppose in any year all our Durum wheat graded either No. 1 Canada Western or No. 2 Canada Western, and we had no 3 or lower grade to mix it with, could you get the marketing of American wheat through the port of Montreal?—A. Not unless they had something in the United States equal to the seaboard grade; they could not possibly do it.

Q. What is your reason for calling the Amber Durum you make a 2 Amber Durum, when it is so much below the grade requirements for No. 2 Canada Western Amber Durum?—A. What does it require?

Q. "Shall be sound and reasonably clean, weighing not less than sixty pounds to the bushel, and shall be composed of 60 per cent of hard amber coloured kernels."—A. You have there Amber Durum wheat carrying 60 per cent of hard amber kernels; that is good wheat.

Q. Is your 2 Amber Durum comparable to No. 2 Canada Western Amber Durum, in value and appearance?—A. No, they are much lower.

Q. Then why do you call it a 2—why don't you call it a 3, or 3 Amber Durum?—A. We cannot confine ourselves to what we would like to do in Canada. We have got to compete with the world, and we make a grade of No. 2 Amber and it is always understood that it is on an eastern division inspection. The other is on western inspection.

Q. Is it because you are trying to make it comparable to American grades?—A. Yes, that is what we are trying to do. Now, I have just mentioned the Eastern and Western Inspection Division. If it would help any in dispelling any idea that there is confusion on the other side as to whether it is Two C. W. or Two Amber Durum, why not let the Government have a different coloured inspection certificate for the Eastern Division? In the United States they have a different colour for each State. There is no reason why we should not have a blue certificate, or some other colour for each certificate.

[Mr. Norman Wight.]

Q. Make a distinctive certificate?—A. Make a distinctive certificate, still have it printed as the Eastern Division, but have it distinctive, so that we will dispel any idea that we are trying to make people believe that they are getting something that they are not getting. What do you think of that Mr. Coote, do you not think it is a good suggestion, to have a different colour?

Q. I think it should be made distinctive?—A. There is no reason why it should not be.

Q. Of course I would like to say this: if you are going to make our grades comparable to the American in all these other things, why not do it on the American wheat?—A. As a whole, we are making a seaboard grade. The importer on the other side knows the difference between the seaboard grade and the Western grade. The seaboard grade is comparable to the Western. I am merely trying to make one seaboard grade comparable to another seaboard grade.

The witness retired.

The Committee adjourned.

HOUSE OF COMMONS,

TUESDAY, May 7th, 1929.

The Select Standing Committee on Agriculture and Colonization, met at 11.25 o'clock, a.m., Mr. Kay, the Chairman, presiding.

The CHAIRMAN: We have with us this morning two gentlemen from the railways, Mr. J. G. Sutherland, Superintendent of Transportation, Canadian Pacific Railway Company, and Mr. V. I. Smart, Superintendent of Transportation, Canadian National Railways. We asked them to come here to discuss before the Committee the recommendations contained in the interim report of the Brown Commission on the Car Order book and car distribution.

Mr. SUTHERLAND: Gentlemen, as I understood, the railways were to be questioned on the matter of car distribution and the car order book rather than that we should give our views. But, I have looked over the Car Order book recommendation, and, on the whole, I do not see anything objectionable to it as far as the railways are concerned. With regard to car distribution, that is separate and apart from the Car Order book. I do not know what you had in mind, because, as far as the railways are concerned, we have done everything humanly possible to meet the demand. It is our desire at all times to meet the demand. We are solely a transportation company, and our idea is to move the farmers' grain at the very earliest possible moment. Naturally, we occasionally run into difficulties. This year, probably, was a year totally unparalleled for the reason of the advent of the truck and the combine coupled with continuous fine weather. It had the effect of making the roads throughout the country almost perfect for trucks, with the result that the grain came to us faster than it ever came before in the history of the country. Not only that; we received more grain; and to meet that, the railways moved in Canada more than ever they moved before—moved it faster. As far as we are concerned, we figure that we did all that was humanly possible under the circumstances to meet the demands. I do not know that I can say anything more. If there is any information I can give you, I will be glad to give it.

I might say in regard to the Car Order book, I would suggest that the different sections be made as clear as possible so that there will be no misunderstanding by anybody—by the different grain interests, by the pool interests, or by the farmers and the railways. If anything possible can be done to make the reading of the Act clear and simple, that would help all concerned. Now, the very first section of the Act is not very clear: that the Car Order book is expected to be available to the farmer or anybody wishing to order a car during the twenty-four hours of the day. The old Act, I think, was probably clearer in that respect than this. The last part says that it shall be kept open to the public. If that read: "Be kept open to the public while the agent who handles the same is on duty," or if it were left as it was in the old Act, it would be preferable. In many places, as you gentlemen know, we have only one man, and it would be a hardship to keep that man on for twenty-four hours, or to bring on more men just to look after that Car Order book. It has never been done that way before; and, really, I do not think that it is the intention of the Brown Commission that the Car Order book should be available twenty-four hours of the day. But if anything could be done to make that more explicit—

*By Mr. Campbell:*

Q. Perhaps it might be suggested that the book be left out so that the farmer could enter his name?



HON. MEMBERS: No, no.

WITNESS: According to the Act the agent must leave it out and the farmer signs it himself.

*By Mr. Brown:*

Q. Some railway stations close up at five o'clock in the afternoon. That is pretty early?—A. I do not think there are very many of them that close up.

MR. CAMPBELL: The agents have an eight hour day.

MR. BROWN: I know a railway station that closes up at five o'clock.

*By Mr. Millar:*

Q. I would like to ask the witness if he has any suggestion to overcome the difficulty that arises where, say, six applicants in succession wish their cars spotted at the same elevator—an elevator where there is space only for, perhaps, four cars? That is an illustration.—A. The only thing that can be done in a case of that kind, in so far as the Car Order book is concerned, where there are six names—according to the Act, the only thing you can do is to have them at the elevator as they can load them. Of course, if the elevator can load only four cars at one time, I see where it makes a hardship on another elevator if it cannot get those two cars. If the elevator can load only four cars and there are six set out for that particular elevator, in accordance with the wording of the Car Order book, it would really make a hardship—there would be two cars left over until the next day. However, I do not think that happens very often.

*By Mr. Campbell:*

Q. Is not what you suggest exactly what does happen. If there are six farmers who have cars, and there are six cars there but only four can be spotted, the agent informs the last two car holders that while the cars are there for them they cannot be spotted; therefore, he gives the cars to the next?—A. That has happened; but according to the Car Order book you have to spot those cars for loading as they appear on the Car Order book. You have to follow the actual wording. Then there is a penalty under this Act. If you do not carry out the Act, the penalty is pretty severe. If I were an agent with that penalty hanging over my head, I do not think I would like to take the responsibility of taking these two cars out from an elevator and giving them to somebody else.

Q. Between the agent and the farmer I think there is enough sense and reason generally to work that out?—A. As far as the railways are concerned, we are only too glad to work that out. However, the Car Order book has to be carried out.

MR. SMART: If this is put in as it is here, you haven't got any discretion.

THE CHAIRMAN: Mr. Smart, have you anything you would like to say to the committee?

MR. SMART: No. I shall be glad to answer any questions. With this exception, I would like to point out to you that storage in the country is an absolute necessity for moving the crop. It is not simply the question of loading cars through an elevator; it is the storage that is available in the country to float it. I just want to show you the average number of bushels marketed between September 15 and 30. I am speaking of our own lines. The rate at which that grain came in to us was 3,233,000 bushels a day. Now, the average bushels loaded out in the same period was 1,867,000 bushels. The average accumulation over that period every day was 1,366,000 bushels. In the period of fifteen days the accumulation that must be carried in storage was 20,490,000 bushels. Now, from the first of October to the 31st the average rate per day

[Mr. J. G. Sutherland.]

of marketing was 1,726,000 bushels. There were loaded out 1,484,000 bushels. The average daily accumulation was 242,000 bushels. For the thirty days, the additional accumulation, on top of the 20 million bushels, was 7,502,000 bushels.

*By Mr. Brown:*

Q. Are you speaking of the accumulation in the country elevators?—A. In the country elevators. Now, take from November 1 to 30. The average grain marketing per day was 1,666,000 bushels. There were loaded out 1,717,000 bushels—a reduction in the storage of an average of 105,000 bushels per day, or 3,150,000 bushels for the thirty days, leaving us at the end with an accumulation of 10 million bushels in storage after the 15th of September or 34 million bushels in storage at the end of November. I would like to point out that you have to take that fact into consideration; you have got to have storage available or you cannot move the crop. There is a terrific rush at first and we are capable only of loading it out at a certain rate. We are only able to put through our storage a certain total per day, just in the same way as you can only put a certain number of gallons of water through a pipe; and that is the rate at which we can take it out. So, in connection with the Car Order book or in connection with distribution, please bear in mind that the country storage is absolutely necessary for the movement of the crop.

*By Mr. Gardiner:*

Q. Have you any information as to the total storage?—A. The total storage capacity?

Q. Yes?—A. Yes, I know what it is.

Mr. SUTHERLAND: Country elevators?

Mr. SMART: Yes.

Mr. SUTHERLAND: We have approximately a 92,000,000 bushel capacity.

Mr. SMART: We have 74,985,000 bushels capacity. Now, in connection with that total storage, that includes Manitoba, Saskatchewan and Alberta. Certain of these elevators had been used, but on account of the grain having been cleared from that section they are no longer available.

Mr. GARDINER: Indicating poor car distribution?

Mr. SMART: Not at all. It indicates that the Almighty does not allow all your crop to ripen at the same time on the western prairies. You would have an awful time if it all ripened at the same time.

Mr. SUTHERLAND: Your crop moves first in southern Manitoba where Mr. Brown lives.

Mr. COOTE: Does the crop from southern Manitoba move before any of the other crops are ready to be moved away—say, from Alberta?

Mr. SUTHERLAND: It did last year, Mr. Coote.

Mr. SMART: I have a map here that might interest you gentlemen. Here is a map showing the grain marketing by months to show the variation in the time and season of the year that the grain actually comes into existence. Red indicates the grain marketed in September. Now, you will notice that there is heavy colouring in the southern part. The yellow indicates the grain marketed in October. The green indicates grain marketed in November. The blue indicates grain marketed in December. And you will notice that the blue rises as you get north of the red. The earliest crop movement is pretty much to the south, and in certain definite sections of the western prairies. That shows you that the grain does not come at once all over the territory.

Mr. COOTE: Take in Alberta. There is just a little bit of red there, but the yellow can hardly be found?

Mr. SMART: November and December are your heavy Alberta ordinary months. These figures are the average for four years of crops.

Mr. COOTE: I was going to ask you whether that was for 1928.

Mr. SMART: No. It is a four year average. That is all I have to say, Mr. Chairman. I am perfectly willing to answer any questions.

The CHAIRMAN: Are there any other questions the committee wish to ask the witnesses.

Mr. COOTE: Mr. Chairman, have we one or two witnesses on the stand?

The CHAIRMAN: Both.

Mr. COOTE: The question I have to ask is this: Under Section 190 of the Grain Act it says: "The Board may, in its discretion, during a car shortage direct the railways to make an equitable distribution of empty grain cars to all stations or sidings in proportion to the amount of grain available for shipment from such stations or sidings." I want to ask each of the witnesses whether the board have, at any time, done this, and, if so, how often during the last three years—in so far as they remember have the board directed the railways to make distribution of cars to certain stations and in certain districts to relieve what is generally known as car shortage?

Mr. SMART: As far as the Canadian National is concerned, we have had requests from the Board of Grain Commissioners to put cars in at certain stations.

Mr. COOTE: You do not know how often they have done that?

Mr. SMART: I do not know. I could not offhand say. There were several times during this last period—I would say not frequently—three or four possibly—possibly a few more than that.

Mr. COOTE: Were you able then, as a result of these requests from the Board, to send cars to the points which were brought to your attention?

Mr. SMART: In some cases we were; in other cases we were not. That is, we had still to hang-over for forty-eight hours in such a manner, but wherever we got orders from the Grain Commission to actually do that, we made every effort to satisfy—even at the expense of some other station, possibly.

Mr. SUTHERLAND: So far as the Canadian Pacific is concerned, I do not remember of ever getting a direct order to send cars to any specific station; but the Grain Commissioners have, on many occasions, called up and pointed out that they had complaints of a serious situation at various stations and asked us to investigate them, and find out if the complaints were founded, and if we found out that they were founded, to help out that station. And many times we have found that the information was not altogether right, and other times we have found that they were hard pressed for cars, and we have always done our very best to get cars to that place to take care of the situation.

Mr. COOTE: Is your company—or are your agents advised at the different shipping points in the country of the total amount in storage in each of these elevators daily?

Mr. SUTHERLAND: According to the law relating to the Car Order book, the elevator operator is obliged to advise our agent every night of the amount of grain that he takes into that elevator, and of the amount he has shipped out, which, automatically, gives the amount he has in store. Now, we have found, on numerous occasions, that they do not do that, and we have to chase them to get that information. As a matter of fact, I have had elevator men tell me that the information that was given out by their agents apparently was not right, because they would say that their elevator was plugged. Well, we would



look it up in our records and we would find that the information we had showed that the elevator was not plugged. We would go back and tell the elevator concern, which was complaining of this situation. "Well," he would say, "I know we do not always pay strict attention to that." Now it would help out the situation a lot if the local elevator operator were to check the situation up very closely and give us the information absolutely correct every day.

Mr. COOTE: Now, do you have a statistical branch, or somebody to keep those figures well up to date so that you can tell practically every day the amount of storage which is available at different points?

Mr. SUTHERLAND: We have that every day. We get a wire report every day.

Mr. DONNELLY: Could the agents in those little towns keep that report?

Mr. SUTHERLAND: Yes. We get it from the agent.

Mr. COOTE: He is supposed to keep it up to date?

Mr. SUTHERLAND: Yes.

Mr. COOTE: He has the receipts at the different elevators, and the shipments?

Mr. SUTHERLAND: Yes. He bases it on the information he gets from the operator of the elevator.

Mr. COOTE: Last year there was a letter I had from the Board of Grain Commissioners—I am sorry I have not got it now. The writer said he had been in communication with the C.P.R. with regard to certain stations which I had made complaints about—complaints had come to me, and I had forwarded them to the commission—at Cayley. I think the railway companies claimed there was only six thousand bushels of available storage at the elevators at that point. If I remember rightly, there are five or six elevators. I suppose, from your experience, you would realize that that might mean that practically no grain could be taken in if there was only six thousand bushels of storage capacity left?

Mr. SUTHERLAND: You have reference, I presume, to special binning?

Mr. COOTE: Well, you find that probably seventy-five or eighty per cent of the wheat going out of there is special binned, and you cannot fill special bins always up to their capacity. There is always liable to be one hundred bushels of stuff left in one bin, and two hundred bushels in another. For instance, some buyer's bin might be filled up. He might have a little storage capacity left in his No. 5 or No. 6 bin, but nothing in his No. 4 bin. Of course, that is always to the disadvantage of the farmer who brings in No. 4 wheat. The buyer naturally says, "I have no storage space for No. 4, but I could take it in as as No. 5 if you care to sell it under that grade." In a case like that, don't you think the railway company should furnish some cars to that point, and less to some other point where they have, maybe, one hundred thousand bushels capacity?

Mr. SUTHERLAND: Well, I think they do that to a pretty large extent. Conditions differ at stations. Some elevator people will tell you that they can take in grain when they have storage capacity for six thousand bushels; others will tell you that they cannot work above that maximum.

Mr. COOTE: I had a complaint at the same time from Stavely. There must have been some car shortage there because the Board of Trade have been writing me about it, and when I took it up the railway claimed there were ninety thousand bushels storage capacity available at Stavely at a certain day. Do you think that possibly might be an error due to the fact that the elevator agents had not kept the agent informed?

Mr. SUTHERLAND: Quite possibly.

Mr. COOTE: And it might work out to the advantage of everybody if these country elevator agents would carry out their instructions in that regard to the letter?

Mr. SUTHERLAND: I think it would.

Mr. SMART: It certainly would.

Mr. SUTHERLAND: We would appreciate it very much.

Mr. COOTE: The statement has been made that there was practically no car shortage last year, but I notice in the Brown Commission interim report at page 41 a statement which tells about an application of one who asked to have the Car Order book opened, and the book was to be opened two days, or forty-eight hours after he gave notice. He went back and he said that by the time he got his name on the Order book there were a number of people—140 names ahead of his. "The result was that although he was the applicant to have the book opened, he had not at the time of appearing before us—two months later—as yet received his car." Do you think it necessary, even in a year like last year, that a man should have to wait two months to get a car if there was a fairly even distribution of cars among the different shipping stations in Western Canada?

Mr. SUTHERLAND: One month or two months would seem a pretty long time to wait. I think that is a very exceptional case.

Mr. COOTE: In any case, where there is a delay approximating that, if it were brought to the attention of the railway could you assure us that they would be able to give some relief at such a point as that?

Mr. SUTHERLAND: Oh, yes.

Mr. COOTE: And that, exceptional or not, the railway company could give relief if it were brought to their attention?

Mr. SUTHERLAND: Yes. They always do. In those places where there is congestion, we always endeavour to give relief.

Mr. COOTE: There are times when we have asked for relief and we have not been able to see anything appreciable coming. I know there are so many cars carrying this grain and there is an actual volume to be moved. I am trying to find out whether, in your opinion, the shortage of cars is sometimes so acute that a man could not expect to get a car in less than two months?

Mr. SUTHERLAND: That might not be attributable to a car shortage at all. For instance, if the car order book were opened and some five or six hundred people put their names on, and then the man with an application came along and put his on the list, why he naturally would have to wait until all of those orders were filled, and it might take a considerable length of time. You say two months; that would be sixty days. We can base it on the average number of cars that they get at a certain elevator.

Mr. COOTE: Of course, I cannot imagine any of those stations that have as many as five or six hundred. In this case there were 140 names.

Mr. SUTHERLAND: I have seen them with over five hundred names.

Mr. COOTE: Where there were only 140 names on the Car Order book, it would not seem that it would be necessary to wait over two months?

Mr. DONNELLY: Do you not think that in some cases—I think I know of these cases—the station agents give cars to the elevators. It is almost essential that they do so. I know in this district referred to of men coming in thirty or forty miles with a load of wheat; they come in to sell one load. Now, the elevator agent has to keep open certain bins in order to give those people a chance to sell one load, and he is keeping the stuff in there. So he has to continue, even though there is a Car Order book, to give this elevator man a certain number of cars to keep the elevator running. I think that was the instance in this case.

Mr. SUTHERLAND: I do not know where the place was.

Mr. DONNELLY: That is why there were not so many cars handed out for loading—because he was trying to keep the elevators running, and to keep these men supplied so they could keep selling their single loads of wheat after coming in thirty or forty miles with a load.

Mr. COOTE: What I would like to see done in these cases is to make a fairly even distribution of cars from the shipping point. Then as to the Car Order book, the new definitions regarding the Car Order book will ensure the fair distribution of cars at main stations. Some of us live in a district that is a long way removed from Winnipeg, and where, perhaps, we are served by only one railroad, and we feel we are not getting a fair share of the cars that are available. I think there are a great many cases where a man has to wait for more than two months before he can get a car—a man who is not, perhaps, in very good shape financially, and the bank does not wish to carry him. That man gets into a rather serious position because he cannot move his grain. The thrasher must be paid, and the hired help must be paid, and it works a hardship. I would like to hear if either one of the witnesses could suggest any other way in which we can be assured of a fairly even distribution of cars. I realize that it is not possible to get absolutely even distribution. It may be that grain in Manitoba can be carried before much of ours is ready; but I think that as soon as our grain is ready some of it should be put under way even if the country elevators in Manitoba have to carry some of that grain for a couple of months.

Mr. SMART: They do, Mr. Coote. We cut Manitoba off early in November. Manitoba was not loading out anything to amount to anything at all after their elevators were full, or fairly full, and we shipped those cars. Mind you, after you get into the cycle of the movement—I mean when the empty cars come from the head of the lakes, it is a comparatively small number that return from Vancouver—we have got to force empty cars clear across Saskatchewan and into Alberta; and we did that. We ran those cars across into Alberta to take care of the Alberta situation last fall.

Mr. COOTE: I realize that, and we think it would be quite natural to move the Manitoba crop first, Saskatchewan second, and Alberta third. But when the car shortage becomes very acute, we think that is surely what is being done. It may be that that is a wrong impression.

Mr. SMART: It is a wrong impression, because that is not the way we run it. This question of storage comes into it again. In order to outline that storage and give a fair idea, as long as the station has got storage capacity that can still take in more grain, our inclination is to give these cars to the stations that are practically filled up to their storage capacity. I do not mean, mind you, their nominal storage capacity because we realize an elevator can only get a percentage of a nominal capacity.

Q. On that point, have you any idea what would be a fair percentage?—A. I have been figuring last year that you cannot get more than 90 per cent at the outside of your storage capacity. That is what I figured during October and November.

Q. 90 per cent would be about right?—A. That is about as near as you can get.

Mr. SUTHERLAND: There is one thing which affects your situation. I am safe in saying that more cars, or just as many cars, anyway, go into your province than the other provinces, but at the time of your grain moving you have also coal moving. Your mines will load as high as five hundred cars in a day, and while it looks pretty easy for the railways to supply all cars for grain, at the same time, we have to take care of the other industries and the coal industry, as you know, Mr. Coote, is a pretty heavy industry in Alberta at that time.



Q. I assure you we do not want to do anything which will interfere with the coal industry.

Mr. SUTHERLAND: I am sure of that.

Q. There is one thing which has affected my own district. All the towns along that line are using natural gas for heating, so that there are not as many coal cars coming in as there used to be. In the past, when a car of coal came in it meant that there was a car in which to ship grain out; and I think the situation has grown worse from that cause alone. And we feel that the Railway companies do not really take much trouble to figure out where the car shortage exists, and they have simply placed the cars where it was easiest to place them.—A. If we did that we would be tied up tight. We always try to take advantage of the maximum storage to float the thing.

Q. In this letter which I had from the Board of Grain Commissioners, I could get it but I forgot it this morning—the reports of the railway companies themselves showed six thousand bushels of storage capacity at Cayley. Several other places on the same line showed storage capacity of upwards of one hundred thousand bushels. Cayley was not getting cars and had only six thousand bushels storage capacity.

Mr. SMART: The human machine fell down then, in such a case.

Mr. SUTHERLAND: Did you not have a fire which burned down an elevator there?

Mr. COOTE: Yes, and the railway company knew very well it was burned down, and they allowed Cayley to be plugged to such an extent that there was only six thousand bushels' capacity, available, even on their own figures. The other figures, I am satisfied, were not right, other figures given by the railway company, which were forwarded to me. It all indicated to me that the railway company did not give shipping capacity according to the storage capacity.

Mr. SUTHERLAND: We are dependent only on the old Act which forced the elevator agent to give us that information; and in a great many instances he is lax in giving that information, and we have to chase our own agents to force him to give this information. There is a slip-up there. But on the whole, I think it is only an occasional thing when you get in that position, because most of the agents insist on getting that information from the elevator agent, because they know we are dependent on that information.

Speaking of the Canadian National, now we have three lines, and the empty cars come up through Winnipeg and we have to distribute those empties on the three main lines, and certain of them are to be dropped into certain sections in Alberta. We will put cars up through the old G.T.P., and through Kindersley, into the Calgary district, and through Biggar into the Northern district; and then we have the distribution on the main line, on each side, on its branches; and when we set this figure up to distribute them, the Superintendent of Transportation in the Manitoba district is told: You will send such and such a proportion of the empty cars arriving from rail-end to-day through the North line, through the Centre line and through the South line, and deliver it to the General Superintendent of the next district; and that General Superintendent is informed: You will get such and such cars to-day, such and such a per cent is to be delivered at such places, whatever the junction point is with the other district. Now the question is, what is the condition in each one of the districts for storage.

*By Mr. Donnelly:*

Q. Is that done by the despatcher?—A. That is done from my own office; that is speaking of the main distribution from the source of supply. In the

particular districts, then the Superintendent of Transportation distributes between divisions, based on this information that he gets. And when those cars are assigned to that division, the Chief Despatcher distributes them to the towns, etc.

*By Mr. Coote:*

Q Then if we feel that there is an uneven distribution of cars among the different towns in that division, could we appeal directly to the Divisional Superintendent?

Mr. SMART: Absolutely that is the place to do it.

Mr. SUTHERLAND: Yes.

Q. In this instance, what I am complaining of is that the railway company apparently did not pay attention to the information which they had received, as to the distribution of the cars in that district, because Cayley was shown with a storage capacity available of six thousand bushels, and other points were shown with from ninety to one hundred and ten thousand, in that same division. I thought that what they should have done was to divert some of the cars from other towns and relieve this situation at Cayley.

Mr. SUTHERLAND: Some of these other towns of which you speak might be heavier shippers than Cayley.

Q. Some of them from twenty per cent up to forty-five per cent higher.

Mr. SUTHERLAND: That is quite a heavy percentage.

An Hon. MEMBER: I presume you are generally a little more generous with competing points on the railways?—A. Do you mean with competitive stations?

Q. Yes.—A. No, we do not take that into consideration.

Q. I know that railway men deny it.—A. We do not make any discrimination on that ground.

*By Mr. Coote:*

Q. I think the means of getting rid of that complaint would be a better communication between the shippers and the head of the Railway, which we feel is very difficult.

Mr. SUTHERLAND: We are always glad to get any information which we can get, which will help us out. We welcome any information because it is helpful to you and helpful to us.

Q. I could not understand last year why Stavely reported ninety thousand bushels available, as I could not understand how that would cause complaint for want of cars.—A. Where do you get that information?

Q. That was reported to the Board of Grain Commissioners, and they forwarded that information on to me.—A. You do not remember the date of that information?

Q. No, but I would be glad to go and get the letter and put it before you. It will only take a couple of minutes.

The CHAIRMAN: While Mr. Coote is gone, has any other member of the Committee any question to ask?

*By Mr. Gardiner:*

Q. Would it help any if the elevator agents were to report to you every night the amount of space available in their elevators?

Mr. SUTHERLAND: They are forced to do that now, under the Act.

Q. What is the section of the Act?—A. I think it is section 210:—

210. Every operator of a country elevator shall, at the close of every day that such an elevator is open for business, furnish to the nearest station agent of the railway, upon the line of which such elevator is situate, a statement of the total quantity of grain that day taken into such elevator, and of the total quantity of grain in store in such elevator at the end of the day.

Q. That would seem to require to be extended so as to show the capacity available.

Mr. SMART: We already have the information as to the capacity of the elevator.

Mr. SUTHERLAND: Of course I am not sure that we have the capacity of that individual elevator, but we have the total capacity of all the elevators at that station.

*By Mr. Vallance:*

Q. Do you not get the capacity of the elevator before you grant the site?—A. Oh yes, as a matter of fact the Grain Commission publishes a book which shows the individual capacity, and we can get it there all right.

*By Mr. Donnelly:*

Q. Do you not seriously contend, however, that last year there was not a car shortage, not altogether a plugging of the divisions but almost that for a month?—A. The marketing was so fast this last year, on account of the advent of the truck and the combine and the prolonged fine weather allowing these facilities to work continuously, that it was almost impracticable for the railway—

Q. The fact is that you were almost plugged for a month then?

Mr. SMART: As I have pointed out to you, the average marketing was over three million bushels a day.

Mr. SUTHERLAND: We went for a month loading an average of over three hundred and ninety cars a day.

*By Mr. Vallance:*

Q. Living in western Saskatchewan as I was, we were inclined to think that other sections got too large a proportion of the cars. When you had the train going through about nine o'clock in the morning it was a common thing to see half a dozen farmers waiting there, all looking for cars; but the train went right through and did not stop. Then another train would go through to stations beyond. We had orders in for cars and saw train after train going through plugged full, and we wondered what pull the other places had.

Mr. SUTHERLAND: That very largely substantiates what I told Mr. Coote, that probably as many cars go to his province of Alberta as to the others, because there is much more loading there. We have had to take care of the grain shipments and also of the tremendous coal shipments at the same time. That also substantiates what Mr. Smart said as to the distribution system. It worked out on the percentage basis, and we have to insist that Alberta gets its percentage of cars for their loading requirements. Mr. Coote says that they do not get enough, and I think that is true. This other gentleman says that more cars go past them, so that it looks as if they were between the devil and the deep sea.

Mr. DONNELLY: Last fall in my constituency, I do not think there were more than two stations where they were not complaining that they were not able to get cars.



Mr. SUTHERLAND: If all the cars were supplied which were wanted at one time, the railways could not hold them. On the double track east of Winnipeg you can only move a certain number of cars, on the Canadian Pacific. Then on Mr. Smart's railway, they have two main lines, and there is a maximum number of cars which can be moved over those lines in the twenty-four hours. When you take that on the Canadian Pacific we have over twelve hundred grain loading stations and Mr. Smart's railway has something like a thousand, you can figure it out if every station gets a certain number of cars, how long it will be before the cars back up. The largest number of cars we have handled on the line east of Winnipeg is fourteen hundred and sixty-eight loads, and you can make your own deductions.

Mr. COOTE: When I said that at Cayley it was six thousand bushels, I find it was seven thousand bushels. This letter is one sent to me from the Board of Grain Commissioners, Winnipeg:

The Board is in receipt of your wire of the 16th and has been furnished with the following information from the railway companies.

I may say that I had received a good many complaints from different points about a car shortage. I knew it was really very bad at Cayley, and I sent a wire to the Board asking them if they could secure some relief, and the Board wired back.

Mr. DONNELLY: What time was that?

Mr. COOTE: That was in November sometime, and they asked me if I would find out the different points in my own constituency where the car shortage existed. I spent a few dollars on telegrams, and received replies which I forwarded to the Board of Grain Commissioners:

Would like to state that at Granum their records show available elevator space for 138,806 bushels, Woodhouse 47,000 bushels, Claresholm 90,000 bushels, Stavely 90,000 bushels, Cayley 7,000 bushels, Mazeppa 9,000 bushels, Blackie 42,000 bushels, Okotoks 30,000 bushels.

The points I had in mind were that I received complaints from Granum to Okotoks, and from MacLeod, and if the information was correct that there was a hundred and thirty-eight thousand bushels of space at Granum, ninety thousand bushels at Stavely, and only seven thousand at Cayley, it looked as though on that division the despatcher had not been endeavouring to place cars according to the returns sent in by the agents of his own company from day to day.

Mr. VALLANCE: Is that the total capacity of the elevator space?

Mr. COOTE: The records show available elevator space. I could not understand why, if this information was before the despatcher of that division, he would not the very next day, instead of sending any cars at all to Granum and Stavely, send several cars into Cayley so as to even up the number of cars available at different points.

I am also coming to the conclusion that perhaps some of these elevator agents are not turning in complete records, as I think some of these figures must be in error. I wanted to bring this to the attention of Mr. Sutherland, because that is the information given to the Board by the railway companies.

Mr. SUTHERLAND: Now I have a statement here for November 15th, which is the nearest date that I have to the date which you mention, and it shows the total number of bushels of grain in stores to be 103,620, as against the elevator capacity of 185,000 at Cayley.

Mr. COOTE: The two do not correspond very well. My wire was dated the 16th, and the reply of the Board says:

The Board is in receipt of your wire of the 16th and have been furnished the following information from the railway company.

Mr. SUTHERLAND: This is the information which we have for November 15th. This 185,000 bushels of elevator capacity, I presume, we would have to deduct from that of the elevator which was burned at that time.

Mr. COOTE: I am not sure of the date when the elevator was burned. I do not remember the date of the fire.

Mr. SUTHERLAND: That would automatically make your situation more precarious.

Mr. COOTE: While on this point, I would impress not only upon the witnesses but upon the Committee that it was the middle of November when the car shortage was so acute. Lots of men had not shipped any grain at all. I know personally that we had not shipped any from our own farm.

Mr. SUTHERLAND: Up to that time, Mr. Coote, there were a hundred and five thousand bushels of grain shipped from Cayley, since the grain started to move.

*By Mr. Coote:*

Q. Have you any record to show the average amount of grain shipped from there?—A. No, but I can tell you how many were shipped in total.

Q. Perhaps we have spent long enough on this point?—A. I can give you the total say, up to April 30th, in a moment. You shipped three hundred and forty-seven thousand, three hundred and fifty-one bushels from Cayley, of wheat since the beginning of the crop year.

Q. It was very light this year on account of the hail.—A. Now Stavely, the place of which you complained, shipped twice as much as you did.

*By Mr. Vallance:*

Q. Because they got the cars?—A. There is more grain tributary to that country. He had to get the cars or he could not move the crop.

Q. What was the capacity of Cayley then?—A. 185,000 bushels.

*By Mr. Donnelly:*

Q. With regard to the over-loading of cars, in what you call the thousand-bushel cars, how many bushels are they allowed to put in?—A. The number of bushels they are allowed to put in a car is based upon the axle-carrying capacity of the car, and they vary.

Q. What is your largest car now?—A. We have the sixty-ton car.

Q. And that carries how much?—A. Approximately 2,000 bushels of wheat.

Q. If you put in 2,000 bushels of wheat, is there head room enough to get in, when it is levelled off, to take the samples?—A. Yes, we believe there is.

Q. Supposing a man puts into that car 2,200 bushels of wheat and the car is smashed up, what would that man be paid for?—A. For whatever he can establish his claim for. If he can establish his claim for the total amount, he could naturally, I would say, be paid for it.

Q. Even if he has it over-loaded?—A. I would say so. I am not the claims agent, but it seems logical that he should be paid for his wheat.

Q. Is there not a penalty for over-loading?—A. Not that I know of. The only penalty I know of for over-loading is that we will not move a car if it is over-loaded.

Mr. BROWN: I was going to ask, if a car is overloaded, and say, for instance, a man puts in a claim for 200 bushels more than the car would carry, do you assume the responsibility for that, having once moved the car?

Mr. SUTHERLAND: I do not know that. I do not handle claims, gentlemen.

The CHAIRMAN: Do not answer any questions you are not familiar with, Mr. Sutherland.

Mr. BROWN: Perhaps it is not fair for me to put these questions to him.

Mr. DONNELLY: You claim there is no difficulty with the inspection of cars or taking samples, if the men will only level up the grain in the car.

Mr. SUTHERLAND: That is my understanding.

Hon. Mr. MALCOLM: Has the handling of grain been more difficult this year than in former years?

Mr. SUTHERLAND: No sir. We have handled more grain in a shorter period of time this year than ever we have. Our cars have been unloaded and have gone back to loading points and points of shipment quicker than they have ever gone before; we have exceeded every record we have made in the history of Canada, and not only that, we have exceeded the records in the handling of grain in the United States. Representatives of railways in the United States have come up and examined our records, and they said they did not think it was possible to do it.

Hon. Mr. MALCOLM: I think it was made pretty much a problem by the increased use of the combine and by the increased use of trucks?

Mr. SUTHERLAND: I have dwelt upon that.

Some Honourable MEMBERS: And fine weather.

Hon. Mr. MALCOLM: You are familiar with the question of getting cars spotted to the country points, and the difficulty that apparently exists in making a fair distribution of cars. Do you think it would ever be possible, assuming that there is going to be an increased production of wheat, to move the crop off in that short period of time we have, and to move it with perfect satisfaction?

Mr. SUTHERLAND: I would not think it was possible.

Hon. Mr. MALCOLM: What is the answer to all these difficulties?

Mr. SUTHERLAND: More storage capacity.

Mr. GARDINER: What about reducing the freight rates in the spring?

Mr. SUTHERLAND: We could not.

Mr. COOTE: How would it do to grow a little less wheat?

Hon. Mr. MALCOLM: I would like to ask the witness this question; have you any other suggestion, Mr. Sutherland, as to how the rush of grain in the few months could be avoided, other than by more storage in the country?

Mr. SUTHERLAND: No. More storage in the country would be the solution, especially if you could get more storage on the farm. I understand some of the interests paid a premium last year to keep grain in storage.

Hon. Mr. MALCOLM: That is the point I wanted to get at. There is no congestion of grain at the country elevators now?

Mr. SUTHERLAND: No, sir.

Hon. Mr. MALCOLM: The country elevators are comparatively empty?

Mr. SUTHERLAND: They are fluid.

Hon. Mr. MALCOLM: Is there less grain in the country than there was in former years at this time?

Mr. SUTHERLAND: No, I do not think so. There is more this year, because I think the grain interests are probably following the line this year of getting as much in storage as they possibly can, out of their elevators. That is what they have told me.

Hon. Mr. MALCOLM: In your opinion, is there more grain in the farmers' hands than there was in former years?



Mr. SUTHERLAND: No, sir, I do not think so, not from our records.

Hon. Mr. MALCOLM: You would not think there was any less?

Mr. SUTHERLAND: No. It is pretty hard to tell how much there is in the farmers' hands. We send out a check, to ascertain, that is, our agents get in touch with the leading farmers and find out how much grain there is in the hands of the farmers, and from the information we have now there is not any more than usual. I think the last check was made about three or four weeks ago.

Hon. Mr. MALCOLM: You think more country storage would help the problem of getting the grain moved?

Mr. SUTHERLAND: Yes.

Hon. Mr. MALCOLM: There is more grain at the seaboard than usual, at the moment?

Mr. SUTHERLAND: I understand there is. As far as we are concerned, in the West, we only handle transportation matters. As far as Fort William is concerned, there is more at Fort William; I know that.

Hon. Mr. MALCOLM: And I understand that there is more at Port Colborne and at Montreal.

Mr. SUTHERLAND: I understand so, although we have no records.

Hon. Mr. MALCOLM: You think there is about the same amount back in the country?

Mr. SUTHERLAND: Yes.

Hon. Mr. MALCOLM: Would you say the proportion of grain exported would be less, or more?

Mr. SUTHERLAND: I really do not know what is sold for export. We have moved more, I can say that, to the lake head.

Hon. Mr. MALCOLM: And still there is the same amount back in the country?

Mr. SUTHERLAND: Yes.

Hon. Mr. MALCOLM: That would indicate that there is a higher percentage of the crop at the seaboard, or loaded for ocean shipment, than formerly?

Mr. SUTHERLAND: It looks that way, from the reports.

Mr. DONNELLY: Would internal storage at Moose Jaw, Calgary, Saskatoon and other places, to which you could rush your cars, help to do away with congestion in the fall of the year?

Mr. SUTHERLAND: I do not think so. There would not be a great deal of difference. We have all these interior elevators plugged full of grain at the present time, and we utilize them.

Mr. DONNELLY: But if they were three or four times as large, that would help?

Mr. SUTHERLAND: That would help.

Mr. COOTE: For fear that I gave a wrong impression to the Committee, I do not think there is too much storage at the points I have mentioned, at Staveland and one or two others, from all the information that came to me last fall. I think there was a mistake on the part of the elevator agents in the turning in of the receipts they had to the railway companies' agents. I think the figures were probably in error. I would like to ask Mr. Sutherland if he could give us some idea of the shipments from Blackie. The space available at Blackie on November 1st was 14,000, the available space on the 9th of November was 13,000, and on November 23rd the available space was 10,000. I think Blackie is a very large shipping point.

Mr. SUTHERLAND: Do you want the shipments up to the present time?

Mr. COOTE: The year's shipments, if you have them?

Mr. SUTHERLAND: I can give you this year's crop shipments up to the present time, or pretty close to it from Blackie; from Blackie up to the present time 915,048—915,000 bushels.

Mr. COOTE: I would like to draw the attention of the Committee to the fact that ten thousand bushels is available; it ran from ten thousand to fourteen thousand bushels for those three days, which is pretty small, on November 1st, 9th and 23rd. Just one other question, Mr. Sutherland; in view of your experience with the crop last fall, do you think we are raising just about all the grain the present available outlets can take care of.

Mr. SUTHERLAND: I would not like to answer that question.

Mr. COOTE: Would you feel that the railways would have a problem on their hands, if we had another one hundred million bushels of grain?

Mr. SUTHERLAND: No. We would move it.

Mr. COOTE: That is, if we could find some place to sell it.

Mr. SUTHERLAND: Leave it to the railways, we will move it.

Mr. COOTE: I suppose you would not want to answer a question as to whether we should bring in another one hundred thousand immigrants, to break up more land?

Mr. SUTHERLAND: I would not like to answer that question.

Mr. BROWN: I think, Mr. Chairman, we have spent about enough time on this.

The CHAIRMAN: While these two gentlemen are here, would the sub-Committee like to get together and go over the problem with them?

Mr. DONNELLY: Mr. Chairman, the Commission that sat in Regina, the Royal Grain Enquiry, went into the question fully and made recommendations in regard to the car order book. I think if we just went over with these gentlemen these recommendations, we could find out what suggestions, if any, they have in regard to them. I think the Grain Commission went into it and made recommendations fully. I think that is all that is necessary.

The CHAIRMAN: We have twenty-five minutes yet. The Sub-Committee could get together, or we could meet this afternoon. There are a number of the members of the sub-Committee here. Which would they prefer?

Mr. VALLANCE: Mr. Chairman, both these witnesses have been furnished, I understand, with a copy of the evidence as it was submitted to the Brown Commission. I think they are in a position even now to take it up with this Committee, so that we will get it into the evidence which will go out into the country and will show just what objections they have, if any, to the recommendations set forth in the report of the Brown Commission. Take, for instance, the car order book, which we talked over with you yesterday; if you have any objections, I would suggest that we deal with that particular phase of the report now, and get the two railway representatives on the record as to just what objections, if any, they have to it.

The CHAIRMAN: I think we would be saving a lot of time if we went into that question in the Sub-Committee.

Hon. Mr. MALCOLM: You must remember, Mr. Chairman, that a sub-committee cannot arrive at any conclusions except those which would be logically arrived at by a study of the evidence submitted to the whole committee. Unless the evidence is on record here, what has the sub-committee got upon which to form their conclusions? For my part, I would like to ask

these gentlemen if the recommendations made by the Pool officers, that there should be only one proxy allowed, would be in their opinion helpful, or if it would be a mistake to make a change in the Canada Grain Act to provide for that.

Mr. SUTHERLAND: As far as I am concerned, I do not think we are interested in whether it is changed or not.

Hon. Mr. MALCOLM: Do you not think it would be helpful?

Mr. SUTHERLAND: I do not think it makes very much difference one way or the other; it might be helpful, but that would not affect it, the grain will go one way or the other.

Mr. BROWN: You are only speaking from the standpoint of moving grain?

Mr. SUTHERLAND: Only as to transportation. I cannot speak for the farmer, for the elevator man, or for the Grain Commission.

Mr. STEEDSMAN: The only suggestion these gentlemen have made is to the effect that they cannot keep the car order book open continuously, on account of the agent only being in the office at certain hours during the day.

Mr. SUTHERLAND: I do not think there is any complaint as to that.

Mr. STEEDSMAN: What you say is that your agents are only there at certain hours, and if the Act compels you to keep the order book open constantly, there will be no one there to attend to it.

Mr. SUTHERLAND: Yes.

Mr. STEEDSMAN: That is the only complaint you have to the suggestion made in this recommendation?

Mr. SUTHERLAND: It is really not a complaint.

Mr. STEEDSMAN: You could not carry it out?

Mr. SUTHERLAND: It would be very difficult to carry it out, not having a man there 24 hours a day.

The CHAIRMAN: Now, Mr. Vallance.

Mr. VALLANCE: I feel as the minister does, about that, Mr. Chairman, that when the sub-committee meets unless we have the evidence before us, we cannot deal with it.

Mr. DONNELLY: I would suggest that in order to get it on the evidence, read each section over and ask if they have any comments on it, and then we will have them on the record.

Mr. BROWN: If we can confine ourselves to the points in which these men are interested, well and good, but it is of no use to go over a lot of material that they do not wish to express an opinion upon.

Mr. VALLANCE: These gentlemen have the report before them; they have gone over it, and if they make a statement that there is something in the report with which they do not agree, let them say so. The Committee can ask them as to the points they do not agree with, and we will get their views on it.

Mr. SUTHERLAND: I presume the evidence we have been giving largely concerns the car order books as was outlined by the Chairman at the first.

The CHAIRMAN: Mr. Sutherland, have you any complaints to make, or suggestions to make, about the recommendations contained in the report of the Brown Royal Commission?

Mr. SUTHERLAND: In so far as the car order book is concerned?

The CHAIRMAN: Yes?

Mr. SUTHERLAND: No sir, other than what I have said: that is the first paragraph, Mr. Chairman, No. 179.

The CHAIRMAN: Are you in the same position, Mr. Smart?



Mr. SMART: Yes, I think so. If we have to keep that book open, under that rule, the whole twenty-four hours, it is going to be a heavy burden on the railway company, because there are a lot of stations where we do not have men on duty twenty-four hours.

The CHAIRMAN: What is your usual time, eight hours?

Mr. SMART: That is the usual time of service for one man, eight hours.

Mr. SUTHERLAND: The Grain Act carried nearly the same thing before, but it was not so explicit. I think the Brown Commission had in mind the carrying out of the old Act, but made the wording a little indefinite. If the wording was changed back to what it was before, it would be satisfactory to all concerned, because I have not heard any complaints, in my experience, of cars not being available provided the book was open, and the agent on duty.

The CHAIRMAN: Under Section 3A, dealing with stations, where you have flag stations or sidings; it says, to keep open for the use of shippers at all times during the day.

Mr. COOTE: Was there any difficulty under the old Act?

Mr. SUTHERLAND: We never had any difficulty under the old Act, in that respect.

The CHAIRMAN: Did you, Mr. Smart?

Mr. SMART: No sir.

Mr. COOTE: Nobody raised any complaints?

Mr. SMART: No.

Mr. COOTE: I think the stations are open about eight hours?

Mr. SUTHERLAND: Really nine hours. They have one hour for meals.

Hon. Mr. MOTHERWELL: That does not tally quite with farmers' hours.

Mr. SUTHERLAND: Not quite.

Mr. COOTE: We had better get all the information upon these points. If you were obliged to keep another man there for two or three hours a day, it would cost the railway something extra for wages?

Mr. SUTHERLAND: Yes, there is no doubt about it.

Mr. COOTE: They would have to pay the men for overtime?

Mr. SUTHERLAND: Yes.

Hon. Mr. MOTHERWELL: Do you not think the agents are there at times to accommodate the farmers?

Mr. SUTHERLAND: I think our agents are accommodating.

Mr. SMART: We know they are.

Mr. SUTHERLAND: We have never had any complaints on that line before, and I think it would go right along in the same way.

Mr. COOTE: If the old phraseology were adopted?

Mr. SUTHERLAND: Yes, just as far as that part as to keeping open is concerned.

Hon. Mr. MALCOLM: Mr. Chairman, these recommendations of the Brown Commission are interesting, because the suggestion made is that a man shall be provided, but they do not specify whether or not his service is to be continuous. It does not define that, but it does in subsection 6 provide a penalty of \$500 if the Act is violated.

Mr. SUTHERLAND: Yes.

Hon. Mr. MALCOLM: I think it should be clarified at least by stating that his time shall be the regular time of his employment. I think it would be a

mistake not to do that, unless you think a man should be on duty twenty-four hours. You could not take that recommendation to employ a man for twenty-four hours a day without leaving the railway companies liable to a fine of \$500.

Mr. SMART: The agent is liable also.

Mr. COOTE: Under the old Act the phraseology was practically the same, unless it is provided for further down (reading):—

179. (1) At each station where there is a railway agent, and where the grain is shipped under such agent, an order book for cars shall be kept for each shipping point under such agent open to the public, in which applicants for cars shall make order.

Mr. SUTHERLAND: It says "open to the public."

Mr. VALLANCE: It says further down, in subsection 4—

This section shall not apply to a siding used exclusively for the passing of trains.

Mr. BROWN: But there are certain stations indicated as flag stations, and provision is made for the keeping of books there. Surely if you have it for flag stations, you can have it at the regular stations during the regular hours of the agent. It would be absurd to say that you could not get anything at a regular station that you could get at a flag station; that would be an anomaly.

Mr. SMART: But a flag station is opened only on an order of the Board.

Mr. BROWN: An order of the Board can be given under other conditions, to.

Mr. VALLANCE: "And for such periods as are deemed necessary." That applied to flag stations?

Mr. SMART: Yes.

Mr. COOTE: I only wanted to bring out that the old Act did not specify the hours; but that is no reason why it should not be in the new Act.

Mr. SUTHERLAND: We would be willing to go along under the old Act, with that change.

Mr. VALLANCE: I can see where the whole controversy over the car order book arises. We can readily see where the railways would have no objection. The whole controversy exists between the pools and the line companies as to the proportion of cars given out. I do not think it is a question that comes within the jurisdiction of the witnesses. It is a question between the pools, who claim that they are not getting the proportion of cars which they should get at most shipping points. I can readily see why these gentlemen do not raise any questions.

Mr. SMART: We are interested, Mr. Vallance, to the extent of the storage. We want the storage.

*By Mr. Brown:*

Q. Yes, but for the car order-book it seems to me you are only interested in providing the means for carrying out that recommendation.

Mr. SMART: That is the only objection we have to the schedule of power.

Q. Yes, it seems to me that is the only point in which you are interested. Would a suggestion of this kind not meet the situation, that the Act should provide that the car order-book be kept open during the regular working hours of the agent, or on the authority of the Board, if at any time at any particular place extra hours should be provided for? The Board of Grain Commissioners could give authority for keeping the book open for three hours longer and make provision for it?

Mr. GARDINER: I do not think that is necessary at all.

Mr. DONNELLY: It is the regular working hours of the agent; that is all you need.

*By Mr. Gardiner:*

Q. The railway companies would have no objection to that.

Mr. SUTHERLAND: No.

*By Mr. Coote:*

Q. Are there any stations where the agents are only there on certain days of the week?—A. No, sir.

Q. The hours depend upon the time when the trains go through?—A. Yes, to enable the people to get baggage checked and so on.

Q. If anyone comes down to meet a train between ten and twelve o'clock at night, he would be able to apply for a car at that time, so long as the agent is there on duty?—A. Oh, yes.

Q. Are there any other points that either of these railway men would like to express an opinion on, on any one particular section of the recommendations of the Commission, regarding the car order-book?

Mr. SMART: Do you want to say anything on that?

Mr. SUTHERLAND: No.

The CHAIRMAN: That seems to be all we can do this morning. I would like to find out from the members of the Committee who are present whether they would like to meet on Thursday or not? I understand that the House is not sitting on Thursday.

Discussion followed.

The CHAIRMAN: Then the Committee will adjourn until Friday next at 11 o'clock.

The Committee adjourned until Friday, May 10, 1929, at 11 o'clock.



## HOUSE OF COMMONS,

FRIDAY, May 10, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, a.m., the Chairman, Mr. W. F. Kay, presiding.

HON. THOMAS A. CRERAR, President and General Manager of the United Grain Growers Ltd., called and sworn.

The WITNESS: I may say at the outset, Mr. Chairman, that I am here along with Mr. Murray who has had for many years charge of our grain handling business, to give the Committee any information that we can.

I have a general idea, Mr. Chairman, of the matters that have been under review before the Committee. I have not been able to follow the work of the Committee, or to read the evidence, because I have been rather busily engaged on another matter in the last several months. But I wish simply to make it clear at the commencement that we wish to give you all the information and assistance that we can in the rather difficult problem which the Committee has before it.

I think it might be useful if I gave you a short statement concerning the company that I represent here to-day, the United Grain Growers, Limited. This company was organized in 1906. It has to-day 34,000 shareholders. Approximately half of these are in Alberta, half of the remainder or a quarter, in Saskatchewan, and the other quarter in Manitoba. These shareholders have paid in capital stock to-day to the extent of over \$3,000,000. We are operating in three provinces 457 elevators, of which roughly 200 or thereabouts are in Alberta, and the remainder divided between Manitoba and Saskatchewan, with perhaps more in Manitoba than Saskatchewan. Mr. Murray later can give you the exact figures, if you wish to have them. Our organization is a peculiar organization in this sense, that while it is a joint stock company, or is organized on the joint stock company principles, we are organized under special charter of Parliament. Our shareholders are divided into local groups, and those local groups elect the delegates to attend our annual meetings. In other words, our annual meetings are not meetings of individual shareholders, but are representative of groups of groups of shareholders throughout the three prairie provinces, and a few, I may say, in British Columbia. The result is that our annual meetings are very representative. I may add, that it has been the settled policy of the shareholders, since 1917, to pay the expenses of all the delegates to our annual meetings, and the result is, as I say, that our annual meetings are a very full representation of the shareholders all over the provinces.

In addition to our grain business we have a printing and publishing business, a grain insurance company, and, until recently, were in the export business from 1912 down to last year. That gives you, I think, a general picture of the organization.

Mr. Murray, whom I am glad to have with me to-day, has been with us for twenty years, and for the last ten or twelve years has had the supervision of the whole grain end of our business. That has been his particular job, and in that time, being an Irishman, he has accumulated a good deal of knowledge which he is quite willing to place at your disposal to-day.

I understand, Mr. Chairman, that your Committee are investigating certain matters looking to possible amendments of the Grain Act. I do not know whether you would be interested in having my opinion, as an individual and as president of the company I am associated with, on these points. I have observed that one

question that is under consideration is the reorganization of the Board of Grain Commissioners. Without offering any comment, or even by way of suggestion as to personnel, either past or present, I would say this, that I think the functions of the Board might usefully be enlarged. I do not think the Board is functioning quite in the manner, for instance, that was suggested in the Turgeon report in 1925. If my opinion is worth anything to the Committee, I would suggest that a board of three commissioners, outstanding, able men—and it may be necessary for the government to increase the salaries in order to get the right class of men—would probably make the most efficient working board. They should have in each province one or two men who would be in the nature of assistants to the commissioners, whose specific duty would be to investigate and inquire into all complaints that might be made. I think you might usefully have one in Vancouver and one in Fort William. The difficulty with the average farmer is this: he makes a complaint; he naturally does not want to wait three or four weeks or three or four months to have that complaint dealt with, and the machinery should be provided so that his complaint can be inquired into, the facts ascertained, and if a judgment is necessary, judgment rendered on his complaint. If these matters were dealt with promptly, I feel convinced of this, that you would get rid of probably 75 per cent of the difficulties that arise. I do not know that I have any further suggestion to make on that.

I understand also that the so-called hybrid ticket, or rather what is called the hybrid ticket, has been under discussion. I have nothing to say about that other than this, that we have never used the hybrid ticket; that is, the United Grain Growers. And, I may tell you quite frankly, Mr. Chairman, I know very little about it. The only distinction that is made on the tickets we use is the stamping of the word "pool" by our elevator agents on the ticket to distinguish whether the grain is pool grain or non-pool grain. Now, that, of course, does not interfere with the validity of the ticket in any way; it is simply an indication to our accounting staffs, and indeed to our elevator agents, an easy method of segregating our pool grain from our non-pool grain.

On the question of change in grain standards, I do not know that I have any suggestion to make. I feel certain that Mr. Murray can give you much more useful information on that than I could.

On the rather interesting question of mixing, I may say that I have quite firm views. I think that grain mixing, under proper supervision, is necessary in the interests of farmers of western Canada at the present time, and I might very briefly give you my reasons for that. The character of our crop has changed very greatly since the early years, and indeed since the years before the war. The multitude of grades that are gathered from a territory 800 miles wide, and probably averaging 200 miles north and south, is very considerable. Should we get years like we have had in the last three years, that difficulty is further increased in the complexity of grades, and my judgment is—and I give it to you as an honest judgment—that if you abolish mixing by law you will create a condition at times where certain grades of grain will be very, very difficult to sell. Now, the impression that mixing is a very bad practice, I think probably, is held in a good many quarters. But I do say this, that I think probably the whole problem in all its complexities is not fully understood. So far as the question, for instance of the skimming of grades, is concerned that does not apply in the ordinary mixing elevator to-day. I think there was a time, perhaps, in the early days, when it did apply, but it does not apply to-day. Take our own terminal elevator at the head of the lakes, a five and one-half million bushel elevator built a few years ago, every bushel of grain from our country elevators, irrespective of what grade it is, goes into that terminal. We do not wish to see it go anywhere else. And that is true of all the other elevators operating as mixing elevators at the head of the lakes.



My view, Mr. Chairman, is this: that our grain, owing to its peculiar character, owing to the multiplicity of its grades and varieties that you find in certain years—and indeed every year—is going to be mixed somewhere, and the closer that grain is mixed to the man who produces it the more the man who produces it is going to get out of it. If you abolish mixing by law—I feel quite safe in making this statement—you will simply transfer a large volume of the mixing of our western Canadian grain to Buffalo and United States ports. As you know, a very large percentage of it goes out through that route, that is, from Buffalo down to ports like Newport News, Baltimore, Philadelphia, New York and Portland. That grain would be mixed, and it would be sold on an American seaboard inspection as wheat of Canadian origin, and thus standards would be established and your foreign buyers would buy on those standards. That is not a new thing. Many years ago a good deal of our grain was sold in that way. It was shipped and, as a matter of fact, mixed in American ports and sold on seaboard inspection. I think I am correct in saying that during the last eight or ten years there has practically been none of that done, but it has not been done because this mixing was done at the head of the lakes, and consequently there was not the variety of grain available for American exporters or dealers to mix. It seems to me much better to keep that under our own supervision.

Now, there is another aspect of this question that appeals to me, in a broad way. I know that objection is raised or rather the criticism is levelled against mixing, that it degrades or lowers the quality of our grades in the European markets, and that consequently we have a lower price reflected back on those grades because of that. Personally I do not think there is any foundation for that. I think there has been some dissatisfaction the last two years, on our 1927 crop particularly, in Europe, but our 1927 crop by all the tests that have been applied to it, was a crop that was remarkably low in milling strength, and that peculiar characteristic was found all over the prairie provinces. It was not confined to districts; it was a general condition of our grain that year; and of course the Old Country European miller, who puts everything through his chemist's shop before it goes to the rolls in his flour mills, was disappointed in the quality of our grain. I think that in a measure that held true in 1926. This year, while much of the crop is frozen, on the average I think this crop is one per cent higher in protein over the whole territory than the crop of 1927, and the result is that this year these complaints from Europe are absent, so far as my knowledge goes.

I think this, that so far as eastern Saskatchewan, probably a good part of Saskatchewan and Manitoba are concerned, our wheat has suffered somewhat in its reputation abroad through the quite numerous varieties we have been experimenting with. Twenty years ago or so after the introduction of Marquis wheat, it was used almost exclusively for seed. In the last fifteen years or so, we have been, as you know, quite subject to rust, whatever the cause of that may be, in eastern Saskatchewan and Manitoba, and naturally our farmers were endeavouring to find rust-resistant wheats. In the experimentation for that, it let them into quite a number of varieties, and we have these varieties to-day coming in the general grain stream to the head of the Lakes. I mention that because I found on two occasions while I was in Europe last spring that criticism made, that we were getting away from purity in variety, particularly upon the Atlantic shipments. That is the only explanation that I think can be found for it. I would simply suggest that if you have a proper out-turn standard, it is a simple matter for the inspection staff to grade to that standard out of any elevator, which is simply applying in principle what they have been doing for years, because, while you put No. 1, No. 2, and No. 3 Northern in the public terminals—in the old days that grain was all inspected out. You have



a certain standard, your inspectors inspect to that standard, and as a matter of fact they have been doing that. Well, if you inspect to that standard, I think it follows naturally that you have a uniformity in the character of your wheat that is going to the markets of the world, and your mixing elevators, if they clean it properly and condition it, and put it out under that standard of inspection, and personally I cannot see where the reputation of our wheat can suffer under a system of that kind.

As I said, Mr. Chairman, I do not wish this morning to do more than make a general statement. I might say again, Mr. Murray has had charge of our grain business, and I think probably he has a great deal more of the information that the Committee wish, than I have, and if it is agreeable to yourself and the Committee, I will turn the job over to Mr. Murray.

*By Mr. Lucas:*

Q. Before you leave, Mr. Crerar, would you say that the out-turn standard should be increased from what it is at the present time?—A. I think that might usefully be done, but I do not know that is so material, as long as you have a definite out-turn standard and your inspection is to that standard. That is a question, Mr. Lucas, to which I have not had an opportunity of giving very much thought.

*By Mr. Coote:*

Q. Do you think the out-turn standard for the terminals should be as near as possible to the average at the initial inspection point; that is, the standard by which the farmer is being judged?—A. I do not know any particular reason for that. The European buyers, from long experience, buy on our standard samples, which I understand are the minimum of each grade. If they buy on those standard samples which are sent to them each year, and you give them something a little bit better than that, something a little higher than that, I do not know that they will follow up in the price on it.

Q. That standard at the terminals would be sent over to the buyers; would it be advisable to have that standard as near as possible to the average at the initial inspection points, so that if there were any objection indicated generally through the trade, in mixing, the farmer who has produced the good wheat will not be the one who will provide that benefit for somebody else. That is, this standard would go out as near as possible to the average at which the farmer is having his grain graded—if I have made my point clear?—A. I do not know. I would hesitate to express an opinion upon that Mr. Coote.

Q. If that were not done, would not the farmer in the country who was sending in grades that are high in each car, have a legitimate complaint against the process of mixing?—A. He may have a high class three Northern, but still it only gets three Northern grade. What would be the position of the farmer who sent in a car load which under your present standard would be No. 3 Northern, but which under your new standard would be below No. 3 Northern?

Q. You do not get my point; suppose we set the same standards for grading in the country that we do now, and allow the standard by which the grain outturn of the terminal is graded to remain as it is now, would you not admit that the standard coming out of the terminals at the present time is lower than the average at the initial inspection point?—A. No, I would not admit that.

*By Mr. Donnelly:*

Q. You say that the United Grain Growers operate as a grain company, and that it is different from other grain companies; do you pay a bonus to the

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men who bring grain to your elevators, or do you just pay them the ordinary dividends, the same as any other company on the year's work?—A. We have instituted what we call a patronage dividend.

Q. Just to the men who belong to your company?—A. No.

Mr. MURRAY: We pay it to everybody who has delivered and sold street grain at our country elevators.

*By Mr. Donnelly:*

Q. You pay him a bonus to that extent, Mr. Crerar?—A. What we call a patronage dividend.

Q. Referring to the mixing of grain, you say that if we do not mix in Canada it will be mixed at Buffalo or United States ports. As a matter of fact, any sea-board certificate at the present time for hard grade spring wheat from United States seaboard has no value, or has not established a name for itself in the Old Country.—A. Are you speaking of Canadian wheat?

Q. I am speaking of Canadian wheat under American seaboard certificate.—A. I think I am correct in saying this, that practically all wheat sold from the United States is sold on seaboard certificate.

Q. But Canadian wheat is graded higher when it goes out on the Western standard?—A. Quite right, Dr. Donnelly, but it is not the same variety of wheat.

Q. I understand it is not the same variety at all; as a matter of fact we are told in the Committee that they take all the high protein wheat or hard spring wheats, that they have not enough for themselves in the United States, and that it is only the low grade protein wheat that they ship out. Being a lower standard, it does not naturally command as high a price as ours commands?—A. I have not the figures, but I feel that I am correct in making the statement that practically none of their hard spring wheat is exported from the United States.

Q. I understand that, so they would have to establish a market if they started to ship out our wheat on American certificates?—A. Quite so.

Q. If it did not stand up to the Canadian wheat, it would not get the price?—A. That would depend.

Q. If our wheats went out of our Canadian ports unmixed, and if theirs went out mixed at a lower standard, it would not command the price?—A. The price might not be comparable. I cannot say as to that. That would be in the judgment of the miller on the other side.

Q. They are not fools; when they buy they are going to pay a price commensurate with the quality of the wheat they are getting?—A. Going back to your point, I would say that the American seaboard inspection certificates to-day have just as good standing in the minds of European buyers as Canadian certificates.

Q. But not for high grade spring wheats?—A. They do not export hard spring wheats.

Q. They would have to build up a market for themselves?—A. They would set a standard for wheat of Canadian origin, and could set that standard as high as it is here.

Q. You would say again that you do not mix down to the minimum. You must have noticed the evidence given to this Committee, and the evidence given practically all over the country to the Brown Commission, and in connection with that I read this morning that a Vancouver man says he co-operates with the elevator man who inspects, and it is graded down to the minimum. It is conceded by all that it is graded down to the minimum of each grade?—A. You got a wrong impression. I did not say that we mixed down to the minimum; we have to mix to the standard set by the inspection officials.

Q. That is the minimum grade?—A. No, it is not the minimum.

Q. Any standard that is set is the minimum of the grade?—A. My friend Mr. Murray has very complete information upon that. If you will direct your question to him, he will answer it. The standard set by the officials is not the minimum of the grade.

Q. What is it?—A. It is higher than the minimum.

Mr. MURRAY: If I might interrupt for a moment, I think there is some confusion between Mr. Crerar and the gentlemen of the Committee in regard to the word "standard." I think that what Mr. Crerar has in his mind is the standard known as the composite sample which is put before the private terminals, when they are shipping grain, and the other standard, of course, is the minimum standard on which the grain is graded from the country. I think it is just a confusion of the word standard.

*By Mr. Donnelly:*

Q. Of course we were told in this Committee by a witness, and we know it is a fact, that if there is any dispute over the shipment it goes back to the appeal board and there it is graded on the standard.

The CHAIRMAN: Perhaps, if we are going to examine Mr. Murray, we had better swear him.

Mr. MURRAY: I would like to correct that point while Mr. Crerar is on the stand, and it might be useful to the Committee while that point is raised. Mr. Donnelly mentioned that it has been stated as an established fact that on appeal by a terminal operator or anybody else, in regard to a cargo going out of the terminal elevator, that appeal is decided by the appeal board on the standard sample, otherwise known as the minimum grade. Now, Mr. Chairman, and gentlemen of the Committee, I would just wish to state that that is not a fact.

*By Mr. Donnelly:*

Q. Well, it is on the average going out of the public terminal?

Mr. MURRAY: Yes, sir.

Q. And the average going out of the public terminal, as we have been told, is about the same as the standard?

Mr. MURRAY: No, sir, it is not.

Q. It is not as good, is it?

The CHAIRMAN: We had better have Mr. Murray sworn.

J. R. MURRAY called and sworn.

*By Mr. Millar:*

Q. In connection with a question of grain going out as American or as of Canadian origin, do you not think that would answer itself? Here is a statement in the Turgeon Commission report, of which I will read about five lines on page 161:—

Now and again an exporter, for reasons best known to himself, consigns to an importer (broker) a shipment of wheat with the American Seaboard Inspection Certificate. This certificate states that the grain covered by it is of "Manitoba Origin." Shipments on American Seaboard Certificates do not tend to improve the situation for Manitobas on Canadian certificate. Not many experienced buyers are deceived by it, but new customers would be disappointed, for, from those who have had had experience from this kind of shipment, the reports are unfavourable, and the results unsatisfactory.



Now it seems to me it is merely a matter of giving information, and that as soon as the British buyer knows what the certificate means from the American Seaboard, prices would regain their proper level.

Mr. CRERAR: I do not think there is any doubt about that, but if you stop mixing at the head of the Lakes, there are certain classes of grain on which you will depreciate the price. I am as positive of that as I am that I am talking to this Committee now. That grain can be bought and the people will make a profit, a portion of which will go back to the farmers at the head of the Lakes.

Q. Mr. McPhail's evidence was to this effect, that all grades of Canadian grain, if kept separately, would find a price level that would be just about what they were worth, in his opinion. Now, I suppose you are referring to some low off-grades. What low off-grades would not bring a proper price if kept by themselves?

Mr. CRERAR: You might have certain grades of tough grain; you might have certain grades that were graded on the standard grades according to the specifications, and you can take that and by cleaning it heavily and carefully, you may put it in a position where you can make something better of it. Now, to the extent that you are permitted to do that, and to the extent that you have a number, twelve or fifteen or twenty firms doing that business and competing for that grain, you create an area of competition for it that results in higher prices to the individual farmer on that class of grain. Now, Mr. Millar, my opinion on that may be wrong, but from my observation and thought I give you that as my judgment.

*By Mr. Vallance:*

Q. What percentage of the crop in western Canada would you say, in the average year or taking a period of five years, if you like, would find itself in a position where it could not be marketed? There have been some figures given by one, I think writing on behalf of the Grain Trade, and I think it can be proven by their own figures, that there is not a great percentage of the western crop that finds itself in that condition. Could you say, in your opinion, just what percentage that would be of the crop?

Q. No, I could not say what percentage it would be, but I do know, Mr. Vallance, that the amount is very considerable, and the tendency is for it to increase from year to year.

*By Mr. Donnelly:*

Q. What effect has smut on flour and bread? Does it not colour it and give it a bad taste?—A. I believe it does, if smutty wheat is ground into flour.

Q. We are told in this Committee that there is not a scouring of wheat at all, but that it is just mixed in with other wheat.—A. I do not think that is quite correct, Mr. Donnelly.

Q. Men at the head of the Lakes give us to understand that they do not do any scouring there at all.

Mr. MURRAY: I think the statement was made that no smutty wheat was scoured at the head of the Lakes in any terminal. I think the gentleman should have confined himself to the terminals that he was acquainted with. We have a smut-washer in our terminal elevator, and we wash all smutty wheat.

Q. I saw in the report sent out to the Grain Trade by Mr. Boyle that they shipped in seven hundred and forty-five thousand bushels and only shipped out one hundred and sixty-eight thousand, or in other words over five hundred thousand bushels went into better grades. That goes into straight grades in some way or other.

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Mr. MURRAY: That is not the procedure in the terminal of the United Grain Growers.

*By Mr. Millar:*

Q. You spoke of tough wheat, Mr. Crerar, and I would like to ask you a question about that. It is the common practice, I suppose, when there is plenty of dry grain, for cars of tough to be simply dumped in without drying. Now does not that work out in this way, that the water is being sold? It is first absorbed by the Old Country buyer, who, knowing he is buying water at the price of wheat, if he buys a ton of water at the price of wheat, must consider that in the price he is paying, or it goes into his profit and loss account on the wrong side, and it is reflected backwards on the farmer in the price that he gets, so that the farmer really absorbs his own water.

Mr. CRERAR: Let me see if I get your question right. It is that a car of tough wheat is dumped into a bin of straight grade grain and is lost in that way, —is that your point?

Q. Yes, the farmer loses 7 or 8 cents in the first place and then it seems to me that the loss on the water going over to the Old Country is such that he has lost that twice.—A. Of course it is not dumped in in that form. Let me put a concrete case to Mr. Millar. This is a point on which I may say Mr. Murray can probably give you better information than I can. I get a car of No. 2 Northern wheat that has only, say, 13 per cent moisture, and I may get another car of 2 Northern wheat that has 15 per cent moisture and is tough. Now if you dump that in indiscriminately, you probably will be in difficulties; but, I think, if you mix that thoroughly is it not fair to assume, as a matter of fact it is the case, that you have two cars of wheat that will carry anywhere?

Mr. MILLAR: Yes, so far as the certificate goes.

The WITNESS: Then you are not doing any injustice to the Old Country miller.

*By Mr. Millar:*

Q. In the two cars of wheat you are passing on probably a ton of water?—

A. No, you are passing on something which will pass inspection.

Q. But he is buying water in place of wheat?—A. No, I do not agree with that.

*By Mr. Coote:*

Q. If no mixing were permitted, that amount of water would not get into that bin.—A. No.

*By Hon. Mr. Malcolm:*

Q. In the first place, it is admitted by this Committee that if the standard is set and the sample is sent to the British market, the price is fixed on that sample as set. In the second place the Committee will have to admit that there is a moisture content which is part of the sample sent. So that if we do send grain that is extra dry we get nothing more for it being extra dry; and if we put some tough grain into it and still keep within the moisture content, we get no less on the British market. Is not that a fact? It is a fact and I do not think anybody can prove it is not a fact, that when you put the tough grain in with dry grain and still stay within the moisture content set by the standard, you get as much for the moist grain as for the dry and the producer gets more money. I think that is something which should be understood.

*By Mr. Vallance:*

Q. I would like to ask you, Mr. Crerar, if your company is in the export business.—A. No, we are not in the export business at the present time.

[Hon. T. A. Crerar.]

*By Mr. Lucas:*

Q. I understood you to say that the price of our wheat was based on the standard sample which was sent over to Europe? That was your statement some time ago?—A. The standard sample which goes to Europe is the sample naturally which the European buyers see, and they get their idea of what 1 Northern and 2 Northern and 3 and 4 and 5 is from that standard.

Q. And they base their price on that standard?—A. I do not know whether they do or not.

Q. I understood you to say that they based their price on that, and if we sent them anything better we were merely giving them something.—A. I think that is correct, Mr. Lucas. You send over a standard sample and the importer or the miller of the United Kingdom or Europe looks at that, and that is what he expects to get when he buys that grade. If you send them something better than that and he learns after experience that what he is getting is a little bit better than the standard sample, he may take that into account in some degree in fixing his price, but I do not think for a moment that he will take the full account of it in fixing his price, as far as that may be a factor in making his price.

Q. According to the evidence, we are giving the European buyer something for nothing. I understood you to say that the shipments going out of the terminal elevators are higher than the standard grades.—A. I think they are.

Q. If that is the case, and the European miller pays a price on the standard, which is the minimum, we are now giving him something for nothing.—A. I should think that is quite probable.

Q. Well then, if that is what happens, would not the logical thing be to raise the out-turn standard to the sample of that sent to the European buyer on which he has based his price?—A. Yes, or lower your outward standard to what he expects to get.

Q. You cannot lower it——.—A. You can lower it to the standard sample.

*By Mr. Donnelly:*

Q. Mr. Crerar, is it not a fact that this year when our wheat went over they set a price, but after they got a quantity of our wheat, they found that it was such good milling wheat that they paid a higher price, and it closed up something like 18 or 19 cents on our lower grades.—A. I cannot say as to that.

Q. You say that we have had little or no complaint in the Old Country in regard to our grades. You know that last year we received a complaint from the Liverpool Corn Exchange with regard to our wheat, and you know that the Liverpool Corn Exchange does not represent one buyer, but represents practically one-half of the United Kingdom, and when they complain it represents about one-half of the buyers of the United Kingdom?—A. Probably.

Witness retired.

J. R. MURRAY recalled.

The WITNESS: Mr. Chairman and gentlemen of the Committee, I do not wish to make a very long statement, but it seems to me that there is danger in connection with a very important question of this kind of some of us getting too definite and too set in our ideas. We are apt to do that. I judge that the main desire of the Committee in connection with the question of grain marketing is to take such steps as may be necessary—if any are found necessary—to maintain the reputation of Canadian wheat on the world's market. I use the word "reputation" rather than the word "standards" purposely, because—and let me submit this thought—I want to follow along this line. It is quite possible for Parliament, for the Board of Grain Commissioners, for the Chief Inspector, and for

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the Standards Board to maintain the standards of our grades, so that to the eye the crop of one year is as good as the crop of the previous year, so that any man, miller or anyone else—no matter how experienced he is—will take the 3 Northern of one crop and the 3 Northern of the other crop set according to the same standards, balance them alongside of one another, and say, "There you are, one is as good as the other." But it is not within the power of Parliament, nor the Board of Grain Commissioners, nor the Chief Inspector, nor any other agency, to grow the same quality into those wheats in one year as in another. It is the growing conditions, the weather and other things, a good many of which we know very little about, which cause our 3 Northern of one crop to be not equal to the 3 Northern of another, although it may look largely the same as another crop. That is why I use the word "reputation" rather than the words "maintaining the standard."

We have had complaints about our grain as it went to the British and European markets during the past few years. We had very few complaints up to these last few years. I think there has been a tendency—although I do not set this up as a positive statement upon which I must be right—on the part of some in looking for an explanation with regard to those complaints, to say that mixing is the cause of them. Now, I submit this: our Chief Inspector has advised that there are fifteen or sixteen complaints particularly in regard to the 1926 and 1927 crops. Very few of them, in his opinion, are justified. I think the facts are available to show that our 1927 crop from the point of view of the protein content and the milling value was the lowest grade crop we have produced in Canada. I have some figures here showing the protein content. Take that as the millers' test back to 1920, and I would like to give these figures to the Committee. These are the tests made by the chemists of one of the large mills in western Canada. From 1920 to 1926 the lowest average protein content of the samples tested was in 1924, when it was 12.7. The average over those eight years was 13.5; in 1927 it was 11.7; this year, 1928, in spite of our frozen grain, it comes back up to 12.6.

*By Mr. Young (Saskatoon):*

Q. Are those samples taken from the same areas from year to year?—

A. They are all samples tested by the mills for their own purpose to ascertain the quality of the crop.

Q. Are they reasonably comparable from year to year as regards points of origin?—A. Yes, sir. I have only the figures for two years in connection with another mill. Their test for the 1926 crop was 13.9 for the 1927 crop 12.1.

Undoubtedly you have all seen recently a statement put out by Dr. Birchard's laboratory, and a protein map, showing the protein content, and his figures published show certain averages of the protein content for the 1928 crop so far. That crop shows figures running above 12 per cent. In the province of Saskatchewan it is well above 12 per cent; in the province of Alberta, with the exception of 3 Northern, it runs well above 12 per cent—almost 13 per cent; Manitoba runs above 12 per cent. I got for the year previous a statement of samples for the 1927 crop which, as I have stated, was lower in quality. The figures show that all the way through. There are none of the figures either 2 Northern, 3 Northern and 1 Northern from Saskatchewan and Manitoba, which average up to nearly 12 per cent; they are all well below it. His samples from Alberta show 12.63 on the 1 Northern, 11.79 on the 2, and 11.15 on the 3. There was one other thing that I think operated also, that was the drying in the 1926 and 1927 crops. The Committee all know the amount of moisture there was, and the amount of tough and damp grain. A tremendous amount of that had to be dried. It is probably after all, in the first year particularly, the 1926 crop, that a lot of terminal operators did not have as much experience in drying as

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they have now, and I do not think that that was all dried to the best advantage, or as well as it should have been. I think a lot of that grain—a tremendous proportion of it—went abroad as dried grain, straight grade. I do not know what opinion the Chief Inspector has on that. He was abroad, I think, afterwards, and probably he could give the Committee a statement of opinion on that. But I think I am not far wrong in stating that a lot of that dried grain in those two crops was the cause of the grain over there not milling satisfactorily, and was the cause of the complaints.

*By Mr. Millar:*

Q. You would not say that for the 1 and 2, Mr. Murray?—A. I do not know whether there were any complaints on 1 and 2 Northern or not.

Q. That is as to straight grain. We have not heard of any complaints as to dried grain above three.

Hon. Mr. MALCOLM: I think that is right.

The WITNESS: If I may repeat my point, I think our troubles for the two years are the result of our misfortune in growing, in one year particularly, in 1927, grain of a poor milling quality, and in the two years that misfortune arose, to a certain extent at any rate, through our not having dried all our grain as efficiently as it should have been done.

It seems to me that under any such condition it is only natural to expect that the British buyer, or the Continental buyer, is going to complain. What is he going to naturally base his complaint on? I believe it is natural for him to say, "You are not keeping up to your standards," and he will blame the Inspection Department, issuing the certificate because that is what he is buying the grain on; he is buying it on the Dominion of Canada certificate which, as a matter of fact, is as good as a bank note in the grain business over there. He has got that standard, and he naturally goes to the party who issues that and says, "You are not keeping up to the standards." I question very much if he has the knowledge or the right slant on that thing. Take this season, for instance. He comes along and he says that our No. 4 standard of this year is equal to our No. 3 Northern standard of last year. What he means is that the milling strength and value that he gets out of our 4 wheat this year is as good as he got out of our No. 3 Northern last year. But I submit, Mr. Chairman and gentlemen, that that is not the fault of our Chief Inspector.

*By Mr. Vallance:*

Q. Do you believe, Mr. Murray, that he paid more for it because the value is there?—A. I was not discussing, Mr. Chairman, what he paid for it. Let me read Broomhall's Corn Trade News. Broomhall is the authority over there, and he is fairly representative of the Corn Exchange opinion. He is referring to our Canadian wheat, and the position it occupies in the world's market at that time:

They have, in fact, a monopoly of strong wheat so long as United States holders maintain their present reserve, and it must be admitted that importers have not only bought Canadian wheat freely this season, but one and all have expressed great satisfaction with the quality which certainly indicates that complaints about previous gradings received proper consideration.

Q. What date is that, Mr. Murray?—A. That is, January 1, 1929. Now, as I say, it is a matter of opinion, but I wish to take issue with Broomhall's Corn Trade News in the last part of that statement where they say that it certainly indicates that the complaints about previous gradings received proper consideration. I will put it this way: Mr. Fraser, as Chief Inspector, could have set a standard for three Northern on the 1927 crop which would have meant that half

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of the grain that went into that 3 Northern in 1927 would have been graded 4, and if Mr. Fraser, as Chief Inspector, had done that, there still would have been the same complaint over there as to the 1927 crop not being up to standard, because the quality was not in it.

*By Mr. Young (Saskatoon):*

Q. Are you proving by that that our system of grading does not properly reflect quality?—A. I may go on with the argument a little farther. I am not used, of course, to appearing before an assembly of this kind, and you will have to excuse me if I wander a little bit. I want to leave this thought with you, that if Mr. Fraser, as Chief Inspector, had done what I say 50 per cent of what went into 3 would have been graded 4. Let me put this thought to you: what would have been said by the men that grow the wheat in western Canada? We all know that in 1926 and 1927 there was a lot of bitter complaint on the part of farmers in western Canada. They had a lovely crop there ready to cut and they cut it and it started to rain, and their complaint was that the standard for No. 3 Northern was too high. What would they have said if in trying to keep that standard for the man abroad, whom we must consider—we cannot ignore him—we had kept 50 per cent of our grain out of that and put it into 4? There would have been an insurrection.

I want to submit, sir, that in considering the buyer abroad we must not forget the man who is growing the wheat here and the storm he is likely to raise if you set your standard too high.

*By Mr. Donnelly:*

Q. You know that Mr. Newman was here, and he heartily agrees with what was said by the Liverpool Corn Exchange. He says that No. 4 this year is as good as No. 3 last year, both in appearance and milling value, and we agreed with him when we put them side by side.

*By Mr. Vallance:*

Q. We have also had a witness before this Committee who represented the millers of Ontario, who practically stated to the Committee that after the Standards Board had met, and the information came out that the 5 and 6 contained the values that they did contain, he immediately advised Smith and Murphy to advise their brokers in New York to buy five and six because of the value, which proved conclusively that it was higher than it was at any time?—A. Yes, sir, that statement may be perfectly correct, but it does not alter the facts. You can get them from the chemist of the Board of Grain Commissioners, or from any of the millers' chemists. You can take 1 Northern, and you can take 2 Northern or 3 Northern, take any one of these grades, the facts will bear me out when I say that the 1927 crop was the lowest quality milling crop grown in this country.

Q. Did you see the letters that were sent from the old country to the government here?—A. No, sir.

Q. They did not complain of 1927 alone; they mentioned a period of years, that we had been steadily deteriorating our standards?—A. I think, of course, that buyers naturally are inclined to complain. I do not think there has been a great reduction in our standards. If there has been, I simply want to submit again that thought to the Committee,—that if there has been a gradual, small, imperceptible amount of change, say over a period of years, in our standards—

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*By Mr. Donnelly:*

Q. It is because they are not living up to the standards. This is from Mr. Urquhart of the Liverpool Corn Exchange, written to the Prime Minister:—

Since their visit—that is, the Board of Grain Commissioners—my directors have been in communication with the Board of Grain Commissioners again with reference to certain shipments where the quality of the wheat was distinctly inferior to the government's standards.

Hon. Mr. MALCOLM: They never proved it.

Mr. DONNELLY: He made that statement. He says:—

My directors wish to assure you that they do not forward any complaints until they have very carefully examined the shipments and are fully convinced that the receivers are justified in making them.

I do not think the Liverpool Corn Exchange, as a body, would go on record as making complaint unless there was something to complain about.—A. Well, Mr. Chairman, might I answer that point? The way the thing presents itself to me is that granted for the sake of argument that these gentlemen were justified in the fifteen or sixteen complaints the Chief Inspector has stated they have made in the past three years, during that time we have exported almost a billion bushels, almost one billion bushels abroad. Well, I think we would almost be superhuman, with the machinery of inspection, if there were not once in a while some cause for complaint.

*By Mr. Millar:*

Q. But the fact is that they are buying on certificate which is final, and if they make complaints, it does them no good. Would you say the number of complaints received by the inspector was a reflection of the discontent?—A. I cannot say off hand. Might I answer that indirectly by saying that nearly every cargo that goes over there might get into the hands of fifteen different millers, who might make different complaints, each buying a certain part of that cargo.

Q. That complaint would go to the importer?—A. Yes, but if you get complaints on fifteen cargoes, that would be very small. Supposing they were justified, and the evidence showed that they were not all justified, it was a very small proportion out of an export of one billion bushels.

*By Mr. Vallance:*

Q. You could hardly blame the Inspection Department. The chief inspector sets up a composite sample which is not recognized; he sets it up for the guidance of his inspectors, so that the out-turn will go out at the minimum. They are not even getting the minimum?—A. Mr. Chairman, I do not wish to blame anybody in connection with it; I have not referred since I have started to make my statement, to the composite sample. The head inspector at the head of the lakes of course sets that. However, whether I am right or wrong in my opinion, I hold the opinion that the bulk—I will say all—of our complaints in the last three years arose from the two causes, a low quality crop grown in 1927, and probably a good deal of inefficient drying of grain done in the 1926 and 1927 crops. Now, gentlemen, that is my opinion. I have thought about it. As I say, I do not pretend to be infallible, but this occurs to me, that if there is some measure of truth in that opinion, and some merit in that opinion, it should be considered in conjunction with the fact that the same system of inspection and the same inspection department—I have no brief for them, I can fight with them once in a while as well as anybody else—is putting out

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grain in regard to which we are getting this year nothing but compliments. We are getting compliments about this Five or Six frozen wheat, because Providence has put into it something that makes it good milling wheat. That is my opinion. I think it would not be advisable to be stampeded, to be too sure that we have to make radical changes that might turn things upside down quite a little bit.

I would like to touch upon some things that I think are misconceptions, in in regard to the private terminal elevators. There is a question which Mr. Crerar briefly mentioned, the question of the skimming of grades. The opinion is held very generally that the mills in Western Canada and in Western Ontario operate principally I think with grain that they have specially picked and diverted. Now, I do not think that that is the case, and I have some figures which would indicate that there is justification for my expressing that opinion. I think they operate particularly on what they get from their own country elevators, and what they buy for shipment to their mills. In this crop there were 411 million bushels of wheat unloaded in the western inspection division up to April 1. There are ten large mills in Manitoba, western Ontario and Saskatchewan. During that period those ten mills unloaded 28,800,000 bushels. I could not get the figures from all these mills as to their special diversions, these cars we have heard about being picked in the yards. But I got the figures from seven of them. Those seven mills unloaded in that period 22,475,000 bushels, and 3,877,000 were specially diverted. The mills in Alberta unloaded in the same period, six of them, 8,448,000 bushels. I did not get the figures (I was not able to) of the diversions to those mills in Alberta, but I know from our business dealings with them that they did not divert very much; they draw most of their grain from southern Alberta territory, and they get it from their own elevators or buy it by contract for shipment to their mills. That gives us for western mills, taking them all, a total of 37,273,000 bushels. I gave the figure of 3,877,000 bushels specially diverted by mills that unloaded 22,475,000 bushels, which is 17 per cent of their total unloads. If we apply—which I think is fair, and I think it is erring on the large side, if anything—that 17 per cent to the total of 37,250,000 bushels which all the mills in the West unloaded, we would have six and one-third million bushels, it is almost exactly that, special diversions by western mills. Let me repeat six and one-third million out of total unloads in the western inspection during that period of 411,000,000 bushels.

*By Mr. Millar:*

Q. Have you included in that the selections made by milling companies on their own lines of elevators? Those would not be considered special diversions, but they would get the choice wheat just the same?—A. No. I have just picked the specials going through the railway yards, the figures the mills gave me. I think I know the point that is in Mr. Millar's mind, and I would say this, I do not know what they do, but let me submit the figures; perhaps you will think they are not worth anything, but perhaps they may be. Take a mill say at Saskatoon; I have the figures of one mill, where they unloaded two and a half million bushels during this period. They have probably forty elevators of their own; I do not know how many they have in the territory outside of Saskatoon. They go and buy wheat from that pretty broad territory. We will say they buy wheat either by contract with other companies or in some other way from sixty other points, making a total of one hundred points that they would draw from. Two million five hundred thousand bushels drawn from one hundred points would be twenty-five thousand bushels from each point. I think in that territory west of Saskatoon out to the Alberta boundary and down on the Goose Lake line it would be fair to say that the average

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marketings at every shipping point would be at least three hundred and fifty thousand bushels. So if this mill were drawing twenty-five thousand bushels from each of one hundred points to get their two million five hundred thousand bushels, there would be left at each of those one hundred points three hundred and twenty-five thousand bushels to go forward to the terminal. In other words, one-fourteenth would be taken by the mill going into their plant and thirteen-fourteenths would go forward. I think that mills getting it from their own elevators or buying it on contract would work out perhaps not far away from figures such as I have suggested, because they cannot at any point get all the grain that is being marketed from that point, they cannot at any of the one hundred points no matter how they try collect all the grain. I do not suppose they even get one half of it at any point, unless they are where they have one elevator and there is just one elevator. Those are figures for the mills.

Now, let me take our own experience. This year we have sold to western mills not a large quantity, about 440,000 bushels. We have sold to mills at Calgary, Moose Jaw, Keewatin, Kenora and perhaps Winnipeg. They specially diverted ten cars out of that 440,000 bushels, which would be about 15,000 bushels. When they came to us and wanted to buy a certain grade. We bargained, and finally agreed to sell it to them, and we shipped it from any point we liked. The Calgary mills had a restriction that they would not take it from certain points where the freight rates would not work out to their advantage. I do not know whether it has been mentioned, sir, to the Committee, but a mill at any of these western points, particularly the Saskatchewan, Alberta, and western Manitoba mills—there is a mill in Brandon and another at Portage—and I know that one thing that is important to them, very important to them, is the question of the freight rate from the point of shipment to their mill. When cancelling shipment out and using their milling-in-transit privilege that is just as valuable to a mill—in some cases it may be worth a few cents per bushel—I would think in many cases just as valuable as picking wheat from a certain point because of its milling strength.

I do not need to continue on this question of the mills picking out the cream of the crop. I do not know about the special binning at the head of the Lakes for American mills. I have no way of finding out the quantity of that, but I do not think there is a very large volume of it, whatever there is of it. Samples of all cars that go into these special bins go into the Chief Inspector's average aggregate sample at Winnipeg, and also go into the Fort William inspector's average aggregate sample of the grain coming in at Fort William. So that what is specially binned and it goes out to the American mill still goes in those standard samples. As far as private elevators are concerned, Mr. Crerar mentioned it but perhaps I might repeat it; we are not picking cars particularly to go to our private terminal.

Our five and one-half million bushel terminal, built about two years ago, is one part of a big grain handling unit that stretches from Vancouver to the head of the Lakes, with the terminal at Vancouver and four hundred and fifty odd elevators in three provinces and a big terminal at the head of the Lakes. Before we built that big terminal we had two; we had one operated as public, and a small one on the water front, but which handled a good many millions through it in the course of the year, operated as a private. We sold the small one and surrendered the lease of the other, and we built this big one because our experience told us it was the most economical and efficient method of handling grain; rather than have two units we would have one.

*By Mr. Donnelly:*

Q. Just a moment, Mr. Murray. Are you mixing in your public terminals?—A. We are operating as a private mixing elevator.

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Q. It is not a public terminal?—A. No. That is, as I say, part of our whole grain handling unit. Everything that we get from our country elevators, through our commission business, which collects grain from points where we have not got elevators, every car except flax—and I would say we are not handling flax at that big terminal—every car of every other grain, whether it is good, bad, or indifferent, is handled, and some of them the inspectors let go through when they are not up to the standard grade, that minimum standard of the grade. I see Mr. Fraser is back there and smiling a little bit, but occasionally that slips through; I suppose it is a matter of judgment. We take them all. So far as we are concerned, we have the terminal there for that purpose; and we do not let anybody if we can help it take one car of that to any other terminal. The only time they get a chance is if there is a blockade and quite a number of cars are at the head of the Lakes to be unloaded. Sometimes we get a little behind, and the railway company comes along and says, "If you do not make a dent in that lot of cars waiting for you, we are going to switch a hundred and fifty cars to another terminal." We make a fight for it, we want them all, good, bad or indifferent, and there is no picking. Let me say that I do not know the business secrets or anything inside of the other companies, but there are several big elevators, just such as ours, and medium sized ones, private mixing elevators, at the head of the Lakes, part of the same kind of grain handling units that we have; and if I went to-morrow or in the fall to some of those men and said that we wanted to arrange to take a certain number every day of their lower grade cars, down near the line or on the line in each grade, and handle them at our terminal, they would say, "You cannot have them; we want them at our own terminal," just for the same reason that we want them.

*By Mr. Millar:*

Q. I want to ask two questions, first, just under what conditions can private elevators refuse cars and send them to the so-called "garbage can," and under what conditions can the public elevators do the same thing?—A. I think the private elevators, Mr. Millar, could at any time, under any conditions, refuse to take in cars. As I say, we do not, we would not. To be frank, I would like to find two or three of them that would, and I would offer to take the stuff in for them and handle it.

Q. Being a private elevator, you could refuse to take them in?—A. We could, but we do not. As far as the public terminals are concerned, I do not know what the law is on that, but I think the public terminal would have to take in any grain at any time that they have space for it. But this is the fact, that there are none of the terminals, public or private, who are refusing to take in any grain that they can get. You do not operate your business just on the basis that mixing is the only thing. You might get some poor grain in there and some exporter might buy it, and he might leave it there for five or six months and pay you storage for it. It might be very good grain to get, although it was right on the line.

Q. Connecting that up with your statement that sometimes cars stand so long that the railway starts to make complaint, and supposing you could not win out with the railways and they had to take some of the cars, have you any choice as to which cars they would take?—A. Yes, our choice would be dictated by the grain. We might tell them to take all oats, if they had to take some, depending on the quantity of the different grains we had in the house. Next, by grades; we might tell them to take all of certain grades and leave us the balance. The chances are that that also would be dictated by the quantity of different grades we would have in the house; but we would never go out and pick out those cars. We never have, in our experience. And our experience would be that we would wake up a few days later and find that the railway

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company had not paid the slightest attention to us but had picked out the first cars which were handiest, whether of wheat, oats, barley, or anything else, and switched them to somebody else. That is what happens. If there is any picking of the cream of the grades for private terminals and sending the poorer or skimmed grades to public terminals to my knowledge there is only one organization at the head of the Lakes which would be in a position to do that. The last thing I would wish to do, Mr. Chairman, would be to say anything which would cast the slightest reflection on any competitor of ours in business, whether that competitor was a miller, a line company, or the Pools. They are competitors with us for grain, and I do not wish to be understood as reflecting upon them in the slightest way. I am not going to do that, but I am going to refer to a statement which I think was made by one of the officials of one of the Pools in which he stated that this skimming was being done. Now, Mr. Chairman and gentlemen, I have given you the facts, and I think that a gentleman in that position should not make a statement of that kind unless he knows what he is talking about; and I want to say that if it is being done, the only place I know that it could be done is by people with the public and the private terminals would be perhaps in the organization that he is connected with. Let me finish my remark with this, that in spite of his statement that it is being done, and that the only place it could be done would be in his own organization. I want to state, Mr. Chairman, and gentlemen, that I do not believe it is being done by that organization in their terminals although they are in a position to do it. I do not believe it, and I would want further confirmation of it by someone who knew the facts before I would believe it.

Q. You are referring to what?—A. Where they have a number of terminal elevators, being able to take the cream and put it into a private mixing elevator and let the skimmed go to the public. I do not think for a moment that the Pool is doing that in their terminal at the head of the Lakes, although one of their officers made the statement before this Committee, and I think it was accepted as a fact that this is done by private terminals down there; because it is not a fact. We are in a position to handle all the grain we can get and can gather from our line of elevators.

*By Mr. Vallance:*

Q. There is nothing to legally stop any Grain Company doing what has been suggested was being done by the Pool,—there is nothing to prohibit them doing that?—A. Well, not that I know of. To my mind,—it is our position and the position of others,—what is a stronger thing in many cases than laws, is competitive commercial business work. In my opinion it would be just foolish for a man to do it, unless, as I say he had a private terminal and a public terminal, and he had them both for that purpose. But that is not the position nor the state of affairs at the present time. I will say this, that it has a very vital bearing on this question of our mixing, on the question of the standard of our grain going out, because you come back to this, Mr. Chairman; what are the public terminals getting, and what is going out from them? We have four public terminals at the head of the Lakes; two of them are operated by the Saskatchewan Pool, Nos. 4 and 6; one by the Grand Trunk Pacific, and one by the Government. In this crop year, up to April 27, there were unloaded at those public terminals fifty-four thousand, six hundred and nineteen cars. That works out, taking an average per car of one thousand four hundred and twenty-five bushels, which is our own average on all the cars we have unloaded, at seventy-seven million bushels unloaded at those four public terminals on this crop. That is out of the total unloaded at the head of the Lakes to the same time, 247,340 cars, amounting to three hundred and fifty-two and one half million bushels. Now, of that seventy-seven million bushels sixty and one-half million bushels went through the two Saskatchewan Pool public terminals. I

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believe, and I think there is no doubt whatever about it, that the grain going through those two terminals and the other two also,—if there is any doubt about the other two let us take it on those two,—is the fair average run of the grain coming down from the country; and sixty millions of bushels have gone out to get samples of the average shipments from the public terminals.

Now there is one thing, that grain has come from Saskatchewan, a wide, broad territory fairly representative of the grain grown in the West. Probably some of my Alberta friends may think it was not as good as the stuff grown in Alberta, and perhaps some of us might think it might be a little bit better than some of the stuff grown in Manitoba,—but those are the figures; and it is from that seventy-seven million bushels that the average of the figures out of the public terminals is taken. Now I think that is all I can give in the way of facts in regard to that question of skimming of grades.

The CHAIRMAN: Would this be a convenient time for us to adjourn? When would the Committee like to meet again?

Mr. VALLANCE: Four o'clock, if that is convenient for the witness.

The CHAIRMAN: Could you come at half past three?

Mr. DONNELLY: That will depend upon the House.

The CHAIRMAN: Then we will adjourn until four o'clock.

The witness retired.

The Committee adjourned until four p.m.

## AFTERNOON SESSION

The Committee resumed at 4 p.m., Mr. W. F. Kay in the Chair.

J. R. MURRAY recalled.

*By the Chairman:*

Q. We will continue with your evidence this afternoon, Mr. Murray.—A. Mr. Chairman and gentlemen: I had just finished this morning dealing with the question of diversions of grain, the higher quality grain in each grade, by mills in the west and by the private terminals, and had given you some facts to show that it was not the general practice. Before starting to deal with the operations of mixing elevators, I would like to briefly refer to the position or the attitude taken by the farmer organizations in the West in regard to this question of mixing. The United Farmers of Alberta at their convention held last January had before them this question in the form of a resolution, the substance of which was that they would go on record as opposed to mixing. After discussion that resolution was lost. The United Farmers of Manitoba at their convention in January last had the question brought before them in the form of a report from a Committee of their Board of Directors which had been studying various phases of the grain business, and in that report they state—I will just quote what they say about mixing—"It is hard to conceive of another plan that would meet all the requirements of present day conditions." That report containing that opinion in regard to mixing was adopted by the convention of the United Farmers of Manitoba. The United Farmers of Canada, the Saskatchewan section, had several resolutions bearing on this matter before them—they did not pass some of them—which suggested that mixing should be done away with, but they did clearly indicate in a very long resolution that they passed that they were opposed to mixing. There were certain qualifications in it, but that resolution could easily be obtained by the Committee, and they would have the whole facts on it. They indicated clearly I think that they were opposed to mixing.

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Another farm organization I wish to mention is our own company, the United Grain Growers, because we have at our annual meetings a representation from all three provinces. Mr. Crerar referred briefly this morning to the way in which that representation was obtained. In considering that, and the opinion of our annual meeting, I want to put one or two points before you. Our shareholders, very large in number, are in the great majority holders of a very small quantity of stock in the United Grain Growers Limited. The maximum number of shares that any man can hold is 100. I do not know the average number of shares held by each shareholder, but it would be considerably less than ten, I would think not much more than five.

*By Mr. Brown:*

Q. The shares are \$25 shares?—A. \$25-shares. Thank you, Mr. Brown. They meet in their locals and elect their delegate to go to the annual meeting, and at that annual meeting they consider not only the results of the business of the company for the preceding year and the way in which their board of directors have carried on that business; they also consider at that meeting resolutions on all kinds of subjects affecting their interests as farmers, entirely aside from their interests as shareholders. Those resolutions come before that annual meeting, which you could well call a convention of farmers from the three provinces. They come before that meeting, which you could well call a convention of farmers from the three provinces. They come before that meeting after having been passed by the locals in the country. Any one of our three hundred and fifty odd locals can pass any resolution upon any such subject as grades, the trading of grain, the moisture content of grain, and other similar things, the mixing of grain, and have it brought up and discussed at the annual meeting. Some of those questions have been brought up and discussed at the last two or three annual meetings, particularly the grading of grain and the moisture content in grain. There has been no resolution from any of our locals during the past three years, in connection with the matter of mixing. I think it is a fair deduction that if there were in that meeting from the three provinces, and a representative one, a strong feeling against mixing, it would have found voice, and it would at least have been discussed there, because the financial interests of the great big majority of these shareholders is so small that if they felt they were suffering greatly in the handling of their grain by the mixing elevators, it would not take them very long to forget their financial interest in the company and decide the matter on the basis of how it affected them as grain growers. I think that is a fair statement of the position of the farm organizations in the three western provinces in regard to this matter.

Now, in regard to the operation of mixing elevators, we dealt with the point this morning that private elevators at the head of the Lakes do not pick out the cream of the grades and handle only them; they take everything as it comes. I might say that the bulk of the grain handled through our own private terminal is grain that we have purchased in the country, at our country elevators, or through our commission department. It is our own grain before it reaches the terminal. That grain is bought under very highly competitive conditions, there is no question or doubt about that. Those competitive conditions, because of the large increase in the number of elevators that there are in the West as compared with a few years ago—well, there is a lot stronger competition and harder competition for the handling of that grain than there used to be.

Now, in regard to mixing, I would say that the foundation of mixing is cleaning clean grain, cleaning it in such a way as to take out the immature, the shrunken and the lighter kernels as well as taking out the dockage that is set on it by the inspector covering foreign matter that may be in the sample. I think there has been some evidence along that line before the Committee by

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Inspector Symes, from Fort William. There is a table I think in the evidence before the Committee, which shows that the percentage of foreign matter, the percentage of impurities, the percentage of damaged kernels, the percentage of cracked wheat and other substances of that kind steadily increase in the lower grades. I think that table is an analysis, I believe by Mr. Newman, of the average samples in the Dominion Government Inspection Department in Winnipeg.

Now, all these lower grades, Four, Five or Six, or whatever they are, all of them contain a very considerable percentage of hard, plump, sound wheat. I use these words "a very considerable percentage of hard, plump, sound wheat" because I think they were used before this Committee by Dr. Birchard and it certainly is a correct statement. These lower grades, although they contain that large percentage of sound grain, have a higher percentage of damaged grain, damaged from various causes, than the higher grades. Now, if in cleaning this grain you can improve that sample, and clean it heavily and take out as much of the damaged grain as you can, you may in some cases warrant the sample being put into a higher grade without being mixed. But the whole foundation of the process is cleaning and treating to improve your samples and get them into a higher grade; that is the whole basis of the operation. I have a few samples here, showing the cleanings out of certain grades of grain. I do not know whether the Committee would wish to see them or not. They are simply an indication of the fact that this cleaning done in a private terminal elevator takes a lot of actual grain, some of it not even immature or damaged, out of the sample, and it is after you have done that that your grain is in a position to be mixed or blended. I would like to show perhaps just two of these samples.

MR. VALLANCE: Mr. Chairman, before Mr. Murray proceeds, I notice there are not many questions being asked. Is it understood that we are to wait until Mr. Murray is through and then ply him with questions? He has dealt with two matters, one of which has never been questioned. The Sub-Committee will have to arrive at conclusions based on the evidence submitted, and unless we have the privilege of asking questions, we will have to take the evidence as submitted without any argument or protest. I want to know whether we have the right to ask questions.

THE CHAIRMAN: I think it would be much better to leave the questions until the witness has finished his statement, but if there are any questions to answer as he goes along—

HON. MR. MALCOLM: Mr. Murray has dealt with the question of skimming at the head of the Lakes. If he is through with that it might be advisable to stop and ask him any questions we wish to ask upon that point.

THE CHAIRMAN: I think that would be all right.

WITNESS: Whatever the wish of the Committee is.

MR. VALLANCE: The only observation I wish to make is that in the evidence of Mr. Murray, where he takes various farm organizations, Manitoba, Alberta and Saskatchewan, and their attitude toward mixing; he makes it reasonably conclusive that they are not opposed to it. I know something about the United Grain Growers, and I do not think that that organization as such, that is, the locals of the United Grain Growers, as I know them in Saskatchewan, are in a position to state as definitely, so far as Saskatchewan is concerned, as are the United Farmers of Saskatchewan, and producing fifty per cent of the crop, as we do, I do not think it is a fair statement to assume that the farmers of Western Canada are not opposed to mixing.

WITNESS: I do not know, Mr. Chairman, that Mr. Vallance has really asked for any reply; his comments were not in the nature of a question, but I

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think if I might be permitted to say so, I did in my statement say that the United Farmers of Canada, the Saskatchewan section, made it very clear at their convention that they, representing the Saskatchewan farmers, were opposed to mixing. I think I made that clear. I certainly did not intend to suggest that at our annual meeting because there were a number of Saskatchewan delegates present, that meeting was representative of the majority of the farmers throughout Saskatchewan. If I left that impression, I certainly did not intend to do so.

*By Mr. Vallance:*

Q. In many respects your company is like the old Saskatchewan Co-operative Elevator Company?—A. Yes.

Q. They were not opposed to mixing, for a very good reason, because they were returning profits to their shareholders. It is just a joint stock company, the United Grain Growers?—A. Well, may I answer the first part of the question. The old Saskatchewan Co-operative Elevator Company, while they operated a mixing elevator at the head of the Lakes for the last few years of their existence, were not I would say anywhere near unanimously in favour of mixing. Several members of the board, the general manager, the vice-president, were all opposed to mixing. Some of the members of the board were in favour of it.

Q. But they continued to mix?—A. They started to mix in the last few years of their operation.

Q. They were not united on the question of mixing?—A. No, neither the shareholders nor the directors, they were not unanimous; there was a lot of opinion in favour of it, and a lot opposed to it.

Q. They were just a joint stock company?—A. I would not say they were just a joint stock company. I think there is quite a little difference between a farmers' company, organized as the Saskatchewan company was, and as the United Grain Growers Company is, and an ordinary joint stock company.

Q. What is the difference between your company and the old Saskatchewan Co-operative?—A. There is no joint stock company I know of anywhere where there is any representation of the shareholders in any way similar to the representation of the shareholders of the Saskatchewan Co-operative had and that of the Grain Growers have. There is no joint stock company that is like ours which will pay the expenses of the delegates for three or four days, if they wish to stay there, to discuss items in which they may be interested.

Q. Is that the only difference?—A. No, I think there is also a difference in the operation of the two companies. The Saskatchewan Co-operative, when it was in existence, returned their profits to their shareholders.

*By Mr. Donnelly:*

Q. Well, they returned their profits to the shareholders, that is the point.—A. Yes, they returned their profits to the shareholders.

Q. And any profits they made out of mixing were returned to the shareholders?—A. Yes.

Q. And naturally, they were not averse to mixing?—A. I do not agree with that. If the farmer is a large grower of grain,—he may grow forty or fifty thousand bushels of grain, or ten thousand—if he thinks the mixing is an evil, then he would lose far more than the profit out of his stock.

Q. But he is going to get the profit out of his own grain and also out of the other fellows from the mixing?—A. I would say that the only profit he gets, however, is his dividend of 8 per cent; that is for a long term of years it has been 8 per cent on the par value of the stock, which has worked out at  $6\frac{2}{3}$  per cent on the stock as sold.

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Q. You were not nearly as successful as the Saskatchewan Co-operative?—  
A. Well, that might also be a question for debate. We went into other lines of business, such as handling farm machinery and supplies, things which have never been profitable. We went into that at the request of our shareholder delegates at the annual meeting, for the purpose of reducing the price that they would have to pay for their supplies. I think the United Grain Growers since 1913 have probably saved not only their members but all the farmers of western Canada a good many hundreds of thousands of dollars.

*By Mr. Garland:*

Q. I must congratulate Mr. Murray upon the way in which he has allowed the Committee to draw inferences from statements made by him while not actually making the statement. Would it not be right to say that the attitude of the last annual meeting of the United Grain Growers, as well as the attitude of other Farmer Conventions in the west has been rather this, that whilst not in favour of mixing they hesitated to recommend its abolition until they knew more about it?—A. Well, Mr. Chairman, I would not want to get into an argument with my friend Mr. Garland on that. He was at the United Farmers' Convention in Alberta in January, and I was not. All I have on it is the written record; and Mr. Garland may be absolutely correct in his statement in that respect. He is probably more correct than I was in stating that they were opposed. I certainly did not wish to leave any inference with the Committee that was wrong or misleading in any way. And as far as our annual meeting was concerned, I would say this definitely that I am sure that that matter would have been brought before our annual meeting in the form of a resolution from some local in the three provinces if it had not been a matter which was one of very particular concern to our farmers at the end of November last.

*By Mr. Millar:*

Q. You probably read the evidence given by the farmers of Saskatchewan as well as of the other provinces who appeared before the Saskatchewan Grain Commission, and probably you noticed that not more than one or two farmers in the whole of Saskatchewan who appeared before the Commission advocated mixing; not only that, but the conference of the Pool, when they met in Regina, went on record against mixing. But that was not the question I wish to ask. Mention has been made of the position in which your shareholders are placed in regard to mixing. First, is it not true that your shareholders are placed in a certain position concerning premiums paid for cars diverted? I believe it is true that your company pays more premium for the amount of grain diverted, that is, passes it back to their own shareholders for the main part, more than other companies, and consequently, is it not true that in the beginning those who joined the United Grain Growers, or the then Grain Growers' Grain Company, those who put in a very few dollars found that the profits were so great that within a few years they found their stock was all paid up. I do not remember the number of dollars, but a very small fraction, and after a few years they found that the profits from mixing and other operations had paid up their stock, so that they were making a considerable profit aside from the marketing of their crop. Then again you mentioned a farmer growing fifty thousand bushels of wheat. There are very few farmers growing that much.—A. Yes, that is right.

Q. And he would have to put on the one side his prospect of profit from the diversion and his share of the profits of the whole company against what he would lose on, say, his five thousand bushels?—A. As far as the stock of the shareholders of the company, the old Grain Growers' Grain Company, our predecessors, becoming paid up out of profits, is concerned, that was back in the first years. I do not think it did become fully paid up. There was a stock divi-

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dend declared in one year; it would be in the first three or four years anyway of the company's existence. The company was then a commission company, as you will remember, with a very small number of shareholders and a very small capital. We had no elevators, either country or terminal elevators; and the stock dividend was paid out of earnings that were made on this small capital entirely out of the commission of one cent a bushel charged for the handling of grain. There was no mixing or any other profit. We had no elevators, either in the country or elsewhere.

*By Mr. Donnelly:*

Q. If you are through with that question, I understood you to say there was practically no diverting of wheat?—A. I gave the figures of the diversion of wheat by mills which, if I remember correctly, showed that mills unloading about twenty-two and one-half million bushels diverted three million eight hundred thousand bushels. Applying that same percentage, 17 per cent, to a total of thirty-eight million bushels unloaded by all the mills in the three western provinces and in western Ontario, would give you six and a third million bushels diverted specially out of the total unloading of four hundred and eleven million bushels. I did not state that there was practically none; but I just gave the figures, which are correct.

Q. Because we have it, of course, that there are a great many cars going through and arriving at Fort William with the seals broken. Why would the seals be broken if it were not to see whether they would take them or not? Why would it be, if it was not to pick out the cars that they wanted?—A. I do not know whether those seals would all be broken by the mills. I do not know how many of those cars would not be properly resealed after the Government inspectors had sampled them. It might be a great number of them; I do not know as to that.

Q. Those would only be the cars at Kenora?—A. Not necessarily at all.

Q. Well, the majority would be from there?—A. I would not say so. There might be a lot of cars go out of the Transcona yard without being properly resealed. I do not think the railway agents reseat those cars.

Q. Oh, I am pretty sure they do. They are supposed to reseat them, are they not?

AN HON. MEMBER: Any cars which are broken to be inspected are supposed to be resealed by the inspection department

MR. DONNELLY: And these can only be cars on which the seals were broken.

MR. BROWN: The fact that they went through shows that they were not diverted.

THE WITNESS: I do not know, Mr. Chairman, about the position of those cars, but from any information which I have many of those cars may have left the Transcona yard without being resealed. Even if they were done by the railroad officials I do not think it would be perfect. I think the railways take trains out on a ten-minute blocks in the fall, at times.

*By Mr. Coote:*

Q. Is it your opinion that the grade of cars leaving Port Arthur is lowered to any appreciable degree after leaving the Winnipeg inspection point?—A. No, sir, I do not think six million bushels would be——

Q. Do you think it would be noticeable?—A. No sir, I do not think so.

*By Mr. Millar:*

Q. The six millions would all be taken out of the higher grade?—A. If a company took the 1, 2 and 3 Northern, the bulk of it I think would.

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Q. I have no doubt that your figures are correct, but it makes a higher percentage when it is taken out of the higher grades, and I remember the evidence before the Grain Commission where 14% was taken out at Saskatoon.—A. If I might refer to the evidence given there, there was a gentleman there gave evidence that his mill made arrangements with our company that they could pick any of our cars as they went through those yards. They never had any such arrangement during the last ten years.

Q. He mentioned nine companies, I think?—A. He mentioned our name. He was mistaken in that statement.

Q. Before we go on, may I mention a question not so much raised by this witness as by Mr. Crerar in regard to the price in the Old Country being based on the standard samples sent over there. We have a great many statements in the records, of the people who buy the grain overseas who claim that they buy it on the quality. Now have you any documentary evidence to back up your opinion? I have no doubt that the opinion was a sincere one.—A. I have not expressed my opinion on that yet. I was going to deal with that under the heading of the 75-25 standard suggestion. I had in mind to deal with it under that heading if that would be satisfactory.

Q. That is as to how the price is based?—A. Now in regard to these two samples which I would like to put before you for the Committee to see, I do not know if they want to see them now.

*By Mr. McMillan:*

Q. What percentage of the grain taken in does the United Grain Growers clean?—A. They clean it all.

*By Mr. Millar:*

Q. Would it not be better to look at the samples after the meeting, Mr. Chairman?

The WITNESS: There is the sample of 3 Northern; there is the way it is before cleaning. I can leave this with the Committee after I have gone. It looks like a pretty clean sample, and this (indicating) is the sample before it was cleaned; and here is (indicating) what was taken out of it when it was cleaned, all wheat. I have some other samples of screenings also which will show that the screenings, as the result of the heavy cleaning, contain a very noticeable percentage of wheat,—that is that heavy cleaning that I was referring to, taking out the immature and the smaller kernels and improving your samples so that you can blend it or mix it.

*By Mr. Garland:*

Q. You are stating the case so far as you know, as far as it applies to your own company?—A. Yes.

Q. That is you never mix between the grades without cleaning the wheat?—A. We clean all wheat that we take into our terminal, Mr. Garland, much more heavily than the dockage set on it by the Government Inspector.

Q. Do you know that that practice is constantly applied in the other terminals?—A. No, sir, I do not.

*By Mr. Millar:*

Q. Do you believe that that brings a better price to the farmer on the lower grades of wheat?—A. Mr. Millar, I do not want to appear to leave your questions; I have one in my mind that I said I was leaving and will deal with in another place. I do not think that that in itself can bring a better price; and I do not think that that in itself will determine the price.

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Q. You were going to deal with that later?—A. I was going to deal with the price on this basis, that to my mind this question resolves itself into a fairly simple one, the sale price or the price you can get for mixed grain out of a private mixing elevator, and the price you can get for similar grain out of a public terminal. I think this, that a lot of opinions—and I do not exclude my own—are based on theory and opinion rather than on the basis of actual positive fact. I was going to come to that part of the argument in a few minutes.

There was just one other thing in regard to the mixing elevator, that has been mentioned a good deal, and that is the question of binning grain separately according to type, segregating it according to type. The opinion is held in some quarters, I think, that that is wrong, that it should not be done. Now, I must say that I do not agree with that opinion. I would like to take as an illustration your 3 Northern. We have a lot of No. 3 Northern that is piebald 3 Northern. Everyone knows what it is, and what it is like. Some of the samples that grade 3, are in fact, almost altogether, or perhaps 90 per cent piebald wheat, and only ten per cent is of the hard red. I think in an intelligently operated terminal elevator, if they have the bins, and if they have the room, the proper way for them to handle that is to take wheat of that type and bin it together, and when they come to ship it out to put a proper quantity of that in the 3 that they are shipping out. That seems to me a perfectly legitimate way, and a more intelligent method of binning grain of that type than it is to take these cars as they come in and the railway company happens to put them on your tracks. Take three or four cars of that 3 that happens to be of that type. Just because the railway company puts them there, those go into your bins, with 3 Northern of other types just dumped in together. I think the segregating of it, according to type, as far as you can, and then blending it when you put it out, is, a more intelligent method of handling it than simply putting it in together, because there is a label saying it is 3 Northern.

I think as far as the operation of a mixing terminal is concerned, that in private mixing elevators, operating as they are at present, where you have strict and, I think, efficient inspection out of them, you can put out, taking the grain from the three western provinces, just as good samples of grain as public elevators operating right along side them.

Now, I mentioned that this matter has been discussed on the basis of theory and opinion. I do not think there is evidence that the private terminal elevators cannot do that. Personally, I believe we do it in our private elevator, but if the operator of a public terminal elevator believes that mixing is something that should not be done, if he believes it is better to handle unmixed grain, and he is in a position—as some operators of public terminals are—to test that out, I think he should do it, and produce the proof that he is correct. If he is opposed to mixing he must, I think, believe that he can sell his unmixed grain for more money. As I mentioned this morning, I do not want to appear to criticise other people in the business. That is the last thing I want to do, but it seems to me that this is a very important and serious question, and if in trying to arrive at the facts of the thing it becomes necessary for someone in my position to have to refer to some of our competitors, I would like the Committee to understand that I am only doing it for the sake of trying to make the fact clear, and not for the sake of even suggesting anything derogatory to their opinion, or to their method of doing business. I respect their opinion just as I hope they respect mine. But if you take the position of the Saskatchewan pool, they are operating several terminal elevators at the head of the lakes; they are operating a transfer house at Buffalo, and I think I am fair in saying they are opposed to mixing. Now, if they are, I cannot see why they do not put their grain out unmixed, send it down to their terminal in Buffalo, and send it to the old country as unmixed grain and get more money for it. The pool operating on the western

coast is operating three terminals, one at Prince Rupert and two at Vancouver. They can operate 1, 2 or 3 of them as public terminals, and put the same thing to the test, and they can put that grain through from their country elevator right to their terminal elevator and put it unmixed on the boat. If it is true that the buyer in the old country buys on the basis of what he receives, then we will have proof that he will pay more for that grain if it is better than other grain.

*By Mr. Garland (Bow River):*

Q. But, Mr. Murray, did you not earlier state that the buyer in the Old Country bought on the basis of the standard sample?—A. No, sir, I did not. I do not think personally that he does entirely. And I do not think, Mr. Chairman, that Mr. Crerar made the statement that the buyer abroad based his price only on that standard sample. However, Mr. Millar asked me that question, and I told him that when I came to deal with the 75-25 question I hoped to express an opinion on that.

But to get back to this question of unmixed grain, the way is open for the grain handler, whoever he may be, who believes that his unmixed grain is better than, I will say, just talking personally a moment, my mixed grain out of a private terminal. Now, as far as I am concerned, I am prepared to stand right up against him in competition in the business world, and put my mixed grain out and get just as much money for it as he can get for his unmixed grain. I will express that opinion, and he will express the other that he can get more money for his. I believe, absolutely, that we can do that, and I believe, frankly, that we have been putting grain of that quality out of our terminal.

The argument is advanced that the grain handler who does not believe in mixing, and has all the facilities to ship unmixed grain, has got to mix because his competitors do it. Personally, I do not think that that is a sound argument. If he believes that he can get more money for his unmixed grain it seems to me his argument falls entirely to the ground.

*By Mr. Millar:*

Q. Their conversion is only a few months old?—A. If their conversion is only a few months old then within a reasonable length of time am I to refer that we will see them put the matter to the test.

Mr. DONNELLY: I do not think they claim they get more. The Saskatchewan pool does not, and in fact, no pools claim they get more for their grain by not mixing. That is not the contention at all.

The WITNESS: I did not say that they claimed that they got more, but I did say this, that the grain handler who says that mixing is detrimental, or an evil, must say that because he believes that; and only for this reason—it cannot be for any other—because he believes unmixed grain will bring more in the world's market. What other reason could he have?

I may be wrong, but I consider that the matter of most concern to the Committee, is to ascertain if anything was being done with our grain that was lowering our standards on the world's market, so that the buyer of the grain that we send forward would not pay as much for it. If that is the question of most concern, then the grain handler who says that mixing is having that effect, that it is lowering the price we can get for our grain, must believe that unmixed grain will bring more money, and, if that is so, then let him put it to the definite commercial test. In other words, in the final analysis, gentlemen,

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in my opinion, this is not a legislative question. It is a question that can be settled by putting it to the commercial test, and the commercial test on things of that kind is the survival of the fittest; the man who has the best article will get the most money for it.

*By Mr. Vallance:*

Q. You will not argue that the sample that sets up the standard is the maximum of the grade? You do not want to tell me, or this Committee, that the No. 1 wheat, the best wheat that is grown in the three western provinces, is the sample that Mr. Fraser sets as the sample for that, will you? I shipped to this company one one occasion three carloads of 1 Northern that was No. 1, no dockage. Do you mean to tell me that I was paid for it under the present system of marketing? I never got it.—A. The only thing that would pay you for that would be a sample market. Your 1 Northern, if it was perfect and it went 65 pounds to the bushel, and there was not a pickle of anything else but wheat in it and it was unloaded in a Public Terminal it would go in there and it would be binned, and the binning, it would be mixed with other No. 1 Northern, that would not be up to your 65 pound perfect sample.

*By Mr. Donnelly:*

Q. You get the average?—A. I will put out of our private terminal as good as any average that the public terminal could put out. I may be wrong in that opinion, but it can be put to the test.

*By Mr. Vallance:*

Q. Are the cargoes that you ship out up to the composite sample set up by the inspection department? You say that you put it at the average; Mr. Fraser says that he grades a composite sample. Do your shipments go out on the composite sample, or equal to it?—A. I think the evidence has been clearly given that the composite sample is put by the inspector at Fort William in the hands of his inspectors for use as a guide, and they use that in grading samples out of private terminals. Now, the question raised is whether the shipments out of those terminals come up to that composite sample or not. That of course raises the question of the 75-25 standard.

*By Mr. Garland (Bow River):*

Q. Before you get to that, will you clear up one point because that 75-25 will involve a pretty wide discussion?—A. May I, before I get away from it, answer Mr. Vallance's question about our stuff going out, whether it is up to the composite or not? The evidence of the inspector in charge at Fort William is that all cargoes do not go out up to the composite sample. We have had the impression, in operating our terminal, that if we did not have it up to that composite sample, or so close to it that there would be an argument or a difference of opinion between two inspectors, the chances are that we would have to take a lower grade than we expected when we loaded it. This point arises then; I would say definitely that on the average the samples that we put out from our private mixing elevator are much closer to the composite sample than to the minimum standard sample.

*By Mr. Donnelly:*

Q. In connection with that, may I read from Mr. McIver's evidence? He admitted that the standard out was a minimum of the grade, and he also stated—A. What standard?

Q. Or sample. He admitted that the standard of the grain going out was the minimum of that grade.—A. I would like to get a little more on that.

[Mr. J. R. Murray.]



Q. He goes on to say here (reading) "Startling to the commissioners, however, was the admission of Mr. McIver, corroborated by another witness, that this mixing was done with the active co-operation of the government inspector.

From the official record of his evidence, here is the way Mr. McIver "mixes": "We have the grain in say a No. 4 bin. We get a rich run which will stand a certain amount of No. 5. We would turn in No. 5 and after a while we might strike a poor No. 5 and we would cut off the No. 5.

Mr. McIver stated that samples were taken of all cargoes coming in and an average struck which they endeavored to reach. One of his samplers, admitted that the standard out was the minimum of the grade."—A. I do not agree with Mr. McIver that the average of the shipment out is the minimum standard. I think Mr. McIver is mistaken when he makes that statement, and without wishing to say anything I should not about him, I would say that he has not had a long experience in operating terminal elevators.

Q. How do you grade your wheat out? What is your standard?—A. We do not grade it out. The government inspection department grade it out. On the evidence given, there is a composite sample there that is used by the inspectors to keep the grain up to that standard; there is a minimum—I think Mr. Symes gave that evidence—

Q. He said that it was only for reference.—A. It is a guide to the inspectors to keep the shipments up to that standard as much as possible. There is also the minimum of the grade which is known as the standard sample. Now I state that the shipment going out of our private terminal elevators are closer to the composite sample than they are to the minimum standards.

Q. If there is a dispute, what is it graded upon? What is the standard?—A. I will do my best to answer that question. Disputes can arise from two causes. If the government inspectors on a boat are not satisfied with the quality of the samples that they have taken—we will say that we are loading a shipment of No. 3 Northern; they could say that it was only No. 4. If we did not agree with them we would have the right of appeal. We would appeal to the Appeal Board in Winnipeg. The Appeal Board have before them when considering that appeal a sample of the average shipment out of public terminals. They do not work on the standard sample which is the minimum of the grade.

*By Mr. Bancroft:*

Q. Do you have many such appeals against the grading?—A. We have not had in two years a grade lowered by the government inspectors from the grade that we were shipping it out as. I said that there were two means by which that appeal could be raised. There is another means. Almost every shipment which goes forward from our terminals—and I think this is true of most of them—have not only the government inspector on that boat, but it also has a representative of the shipper, and if we are shipping a cargo for the Pool, as we sometimes do, they have their own sampling bureau. An employee of their own is on the boat taking samples all the time. If the government inspector was satisfied that the grade was No. 3 Northern, but the Pool man was not so satisfied, the Pool man has it within his power to say that it is not a 3, and that they will appeal it and have it made a 4. If it was a private exporter and not the Pool, there is an independent sampling bureau at the head of the lakes, which has been there for some years, and which does this work as custom work for anybody, millers, exporters or anybody else. There are two or three men in it who are thoroughly experienced in the grading of grain. I think perhaps they have their certificates as inspectors. They are paid by results. It is custom work. Their whole incentive is to show their employers that they are on the job and wide-awake. If the stuff is at all down to where they think they have a chance on appeal to get the grade lowered, that is where they make good to their

[Mr. J. R. Murray.]

employers. Every shipment we ship out practically runs that test. The Appeal Board use the average sample out of public terminals. There have been some different statements made about that. Mr. Serls gave us that information within the past week, but the result of those appeals during last Fall has been as follows: there were 25 appeals, in 21 of them the judgment of the inspectors at Fort William was upheld; in three of them the grade was raised above what the Fort William inspector was willing to give it, and in one it was lowered. The results would indicate that the Fort William inspection has been, in the judgment of the Appeal Board anyway, efficient on these particular cargoes.

*By Mr. Millar:*

Q. Would the appeals likely be increased if the private elevators—and I might also add the public elevators—did not enjoy that courtesy from the inspectors which has been referred to in the past? That is, if it is not running quite good enough, they are informed of the fact.—A. Well, I do not believe that I could answer that question because my answer would involve my opinion of the competency of the managers of all the terminal elevators there. As far as we are concerned, if the Board of Grain Commissioners, or the Chief Inspector, wishes to put any rigid instructions in force with their inspectors, that they are not to express an opinion in any way, shape or form, to anybody in the employ of our terminals, as to the quality of any grain that we are shipping out, we are satisfied to operate under that basis, and I believe we can keep up the record we have had for some time past that our shipments have all been satisfactory and nothing lowered in grade on appeal.

*By Mr. Vallance:*

Q. Mr. Murray, if the Appeal Board use as a standard the average going through the public terminals, there is no cargo going out on the minimum for that grade? Do you say that?—A. I do not think that there are. Very, very few, if any.

*By Mr. Donnelly:*

Q. Do they do any mixing in a public terminal?—A. We are not operating a public terminal and all I could do would be to express an opinion on that; I could not make a statement of fact.

Q. I understood from Mr. Fraser when he was giving evidence that the average going out of the public terminals was very low. We asked if it was down to the minimum of the grade, and he said that it was very close, so when you say the minimum of the standard and the average at Fort William, it looks like the same thing.—A. No sir. I do not agree with that. I do not agree with Mr. Fraser, and I would come back to the figures I quoted this morning that if that statement is correct there are two public terminals there owned by the Saskatchewan Pool which handled of this year's crop to April 27 over 60,000,000 bushels of grain from the province of Saskatchewan. If a fair average sample of all grain coming in was not going in and out of those terminals, then I am mistaken. I think that is the basis upon which the Pool operates.

*By Mr. Garland (Bow River):*

Q. Will you concede that the grain business is a very vast one and quite complicated?—A. Yes.

Q. Will you also concede that the European purchasers or dealers in our wheat have been accustomed to doing it in a certain uniform routine over a period of years?—A. Yes.

[Mr. J. R. Murray.]

Q. Do you agree with Mr. Crerar's statement this morning that if wheat were sent over somewhat above the grade which they had been led to expect as a result of the standards, they would not necessarily by any means pay an additional price for it?

Hon. Mr. MALCOLM: They would if it were sold on sample.

The WITNESS: I do not quite agree with that, and I want to amplify my reply. I think if you give them something above the minimum standard which you have sent, you have put the official seal of the government of the Dominion of Canada on that sample, and you have sent that to them as the minimum of 3 Northern. If you ship them something which is considerably better than that in some cargoes, I do not think as buyers of grain that they will ever pay you the 100 per cent of the increased value you give them. I think they might, after they get used to it coming, give you part of that extra value, but I do not think they will ever give you 100 per cent of it, and to the extent that you give them something there—I will put it this way—that to the extent they fail to pay you the 100 per cent of the extra value you give them, to that extent you fail to get the value of the grain you ship.

*By Mr. Garland (Bow River):*

Q. Quite right. Why do you suggest that a certain selling agency, like the Pool, should carry out experimentation which would not bring out the results it should have.—A. I do not think it is clear in the first place that it would not have the results it should have.

Q. But you have just stated that in your evidence?—A. No sir, I did not state that.

WITNESS: I would like to answer the other question by saying I did not make that statement. I said the Pool, if they believed that mixing lowered the price paid for that grain, they must believe that unmixed grain would bring a higher price, then I say, let them put it out unmixed, and let me put it out mixed, and I will sell mine for the full money they will get for theirs.

*By Mr. Vallance:*

Q. Because your mixed grain will be standard?—A. Because my mixed grain will be as good as their unmixed.

*By Hon. Mr. Malcolm:*

Q. I would like to ask certain questions. Mr. Garland made the statement that the Liverpool Corn Exchange is accustomed to certain methods of buying grain; one is on the certificate final of the Dominion of Canada for certain grades; another, which is just as familiar, is to buy on a sample from Argentina, South Africa, and Australia?—A. Yes, sir.

Q. There are two methods, to buy on certificate and on the sample market. Is it not true that there is a difference between what one would receive if he offered a shipment on the sample market against the grain of Australia, South Africa or the Argentine and what he would receive under the Canadian Government certificate? I spent a good deal of time on the Liverpool Corn Exchange trying to get into my mind the value of selling under certificate and concluded that it was a more remunerative method of marketing than selling on sample. If the shipment dropped below the standards sample complaints would immediately follow?—A. I would put it stronger than that.

Q. If we dropped below the standards sample on which the price is fixed we would immediately have complaints?—A. Yes.

Q. With regard to the sample market, it is an entirely different thing. If a shipment is sent out on sample, it will be compared on the Corn Exchange floor with the sample grades of other countries, and will be paid for in accordance with its worth; is that not true?—A. I would think so.

[Mr. J. R. Murray.]



Q. Therefore if one wanted to prove that unmixed grain would bring more money, he would not send it out under certificate at all, but as a straight sample, he would have it on the sample market, and the buyer could compare it with grain on a Canadian certificate?—A. I would suggest that it could be done the other way also. There is no organization that is in closer touch with the buyers over there than the agencies of the Pool. I think the Pool would be in a position to tell the buyers over there that they were going to handle grain direct from their elevators to their terminals, not mix it but bin it according to Dominion Government Inspection and load it on boats at Vancouver, and that it would be better than the grain out of private elevators, and they could sell it on that understanding.

Q. On the same certificate?—A. The same certificate, and after they got two or three shipments, if the buyer found that this unmixed grain was better, if the buyer is mixing on the basis of what he receives, as I think he is to a certain extent, though not altogether, they would get more for that unmixed grain, and this matter would be put on the basis of the actual practical proof. I would say this, that if I believed—this is personal. I do not say that this is the United Grain Growers' opinion, but it is hard sometimes to keep your own personal opinions apart from the company's opinions—I would say this, personally, that if I had the facilities available to me that the Pool organizations have, and I believed, representing a number of farmers in the West, as they believe, that mixing did reduce the price in the world's markets, I would go to some trouble to see that the organization put it out unmixed, and to prove that I was right.

*By Hon. Mr. Motherwell:*

Q. I have not had the opportunity of asking any questions yet—there are some enthusiastic questioners behind me. Now, regarding the importer bringing in that unmixed wheat, do you think it would help any, in the re-disposition of it, to tell his customer that it was unmixed? What would they say? Would they not say, "Show me your certificate?" He could not get anything more for it. If he were an importer or a wholesaler, and had to resell it, would not the buyer say, "Show me your certificate"?—A. Some importers resell some of their grain on sample. They deliver some on contract, but they sell some of it on sample.

Q. But most of it on certificate?—A. Of course; the certificate is there anyway but I think there is quite a little bit resold to millers throughout the country on sample. I do not know what the percentage is.

*By Mr. Millar:*

Q. This thought has been expressed by the Minister, by Mr. Crerar and yourself, that if we should send over grain of a higher quality and continue that—I think this properly expresses what they stated—even if we continued that until it was established, we would then only reap a part of the increase in price that we should get.

Hon. Mr. MOTHERWELL: I did not mean to imply that.

Mr. MILLAR: I meant the other minister.

*By Mr. Millar:*

Q. Why should competition cease at that imaginary line? Why should not competition compel them to pay the full value? I have never heard one word from overseas that anybody had proof that any English buyer ever said that; I would like to know what is the proof of that statement?—A. I think that that is one of the things that is hardly susceptible of proof, Mr. Chair-

[Mr. J. R. Murray.]

man. I think you have to consider the human nature of the business man. These men buying grain over there are buying as millers or importers; they are in a very competitive business, and the buyer of anything, whether it is grain, sugar, coffee, or dry goods, is going to buy at as low a price as he can buy.

Q. Keen competition will force him up?—A. The keen competition he has there, in distributing it, if he is an importer or is milling it, if he is a miller selling his product, in competition with other matters, that competition is pressing on him to buy as cheap as he can, and he must buy as cheap as he can to live, and he must buy as cheap as his competitors, if he is to make his living over there. It is correct that if Canadian wheat is scarce, and it is a particularly strong milling crop, there will be keen competition amongst the buyers to get their share of that Canadian grain, there is no doubt about that. But it seems to me that you have to have a terrific force of competition to counteract the force of the competition that compels him to buy cheap, and you have not got that. The seller as a seller cannot compel the buyer to come up to a certain point; in the final analysis all the seller can do is to say he will keep his grain that he will not sell it, that the price does not suit him. Sometimes that works, sometimes it does not, and sometimes it is dangerous. You cannot force the buyer; when you have something to sell, you must sell it, you cannot force him.

If you will let me refer to the 75-25 standard, suppose you set it at that, you send your standard samples, which are the minimum of the grade to Spain, Belgium, Germany, France, Holland and Great Britain; all these countries are importing grain from us. They get the sample at the start of the season. I do not know what tests they make of it, but they judge it to the best of their ability. They know grain, they know their business, these people, they are good judges. They say, "Well that compares in a certain way with what we get from the United States. Before ever they got ours they would be getting some of the United States crop, and they would be getting the tail-end of the Argentine crop. They say it is worth so much on a parity with these others. You start shipping to them. I am discussing this on a basis of making the 75-25 a legislative enactment, which leaves no leeway of any kind. You start shipping them 75-25. With the first shipments they would get they would be very pleased; they would be pleased to think they were getting something more than they paid for. After that had continued a while, and after you had given them a lot of value for nothing, I think they would raise their price some, if there were keen competition for Canadian wheat, if there were not much Canadian wheat on the market. If you had a situation like you have right now, I think they would raise it very little, but if you gave them 75 per cent, you would be giving them an extra value. Are they going to put their price right up and give you the whole thing? I do not believe it is in human nature in a miller in Germany, Holland, Spain, or any of these countries.

*By Hon. Mr. Motherwell:*

Q. He is ordering it on certificate?—A. He has formed a judgment first on the standard, then he is beginning to get cargoes and finds they are pretty good, better than he expected. He will raise his price some, but I do not think he will get to the point where he will give you the whole value of the extra 75 per cent.

*By Hon. Mr. Malcolm:*

Q. I agree with you, Mr. Murray, that, under the present method, if an importer sells from the Canadian Government sample a shipment of wheat for diversion to Hamburg, the miller expecting to get what he saw in the sample, and getting something better than the sample, will of course be pleased. But should his next shipment be only up to the sample he will not be certain what he is going to get, and will as a result give you no extra for what you have put

[Mr. J. R. Murray.]



into the first shipment. Therefore, I contend that under our present method of selling on grade sample which is the minimum of the grade sent to Liverpool, we gain very little by stepping up the grade in subsequent shipments. If we decide by legislative enactment to accept the recommendation of the Pool and set the out-turn standard at 75 per cent of the average and 25 per cent of the minimum, which in their opinion is about the average of the grade going out of the public or private terminals, in order that the average of our grade may reach Great Britain. After having decided that, Mr. Fraser's Department send samples over that are not on the minimum of the grade, but on the average of 75-25, do you not think that the whole price of the year's crop would be based upon the samples submitted, provided that the samples went at the beginning of the year?—A. No, your price for the whole of the crop would not remain fixed on that standard, for this reason,—this is as I see it,—at the start you send that 75/25 is as the standard. Well, he says, the Dominion Government says I will get that. Then he basis his price on that. But the Dominion government cannot control what is going to come in the next few months. You have the pressure to set the standard and get those samples out as soon as possible, and the quality of your grain going over there three months afterwards, even if it was 75/25 of what was coming in at Winnipeg afterwards, might not be up to your first 75/25. Now where would you be then?

*By Mr. Garland:*

Q. Let us, for the sake of the discussion, assume that you have sent over the 75/25 to be a guide to that buyer. You say he is going to base his initial price on that,—You have said that already?—A. Yes, if you send that over with the Dominion Government name on it.

Q. Now, if that quality is maintained generally throughout the season, the higher price will maintain generally throughout the season, will it not?—A. Yes sir, that is quite right, but I would suggest that you want to be very sure, before you do that, that you are going to be able throughout the season to live up to that first 75/25.

*By Mr. Vallance:*

Q. In setting the standard today we are no more sure that we are going to be able to live up to it than we would be as to the 75/25?—A. I think you are more sure; it appeals to me in this way, that no matter how much any of us would like to get a clear definition of the grades of grain, I do not believe you can make the grading of grain a rule of thumb affair, when you are grading grain in the west here. I do not think you can set those standards and say that they shall be exactly this, and exactly that; and no more do I think you can make it a rule of thumb affair. You have a better chance of doing that on No. 1 and No. 2 Northern, there is no doubt about that; but when you come to No. 3 Northern, personally I believe this country is better served if you have the setting of the standard of No. 3 Northern in the hands of men who are experienced in the grading of grain and have no interest to serve, except to keep up the reputation that the Canadian Government Certificate has on the world's markets. They are government employees. They are experienced. They have experience running over a term of years of the rusted crop, of the frosted crop, of the weathered crop and of the sprouted crop, and those things go into 3 Northern. Personally, I believe you are better served if you have a Chief Inspector with certain assistants, if you like, as assistance in setting the standard of the 3 Northern and making the standard samples and sending those abroad and saying that that is the minimum of our 3 Northern this year. I believe that over a period of years you will get as much money back and give as good satisfaction to the buyer abroad, and at the same time give as good satisfaction to the farmer in the country.

[Mr. J. R. Murray.]



I referred this morning to the position of the farmer in the country when you come to alter these grades. There is this difference—I hope perhaps getting a little away, but there is a suggestion of making the definition of 3 Northern more specific, saying it must have 25% of red grain, etc., and I would say that I do not envy Mr. Fraser, if he is to have the writing out of that definition to cover the damage of all the different crops.

I think the judgment of the Chief Inspector—and that is not personal with Mr. Fraser, for I felt the same about it before with Mr. Serls,—they are experienced in their judgment, and when they are setting the standard of 3 Northern they are saying to themselves that the buyer over there must be satisfied, because he is buying under the Government Certificate. But the farmers must also be satisfied,—I know that Southern Saskatchewan has had very little damage, but other districts in the North have had damage of one kind and another. If that damage is there it cannot get into No. 1 and it cannot get into No. 2; they say now I must try and set a standard that will not hurt the reputation of this Certificate, but must let as much as possible of that grain, which has the various kinds of damage go into No. 3 Northern so that the grower of the grain will be satisfied.

Now, I believe personally, gentlemen, that that has been the problem that has been handled by the Chief Inspector and his assistants, whichever he calls upon for assistance: I believe they have handled a pretty difficult problem very well in that respect; and I believe that over a term of years, dealing with a grade like that, you will have better results and have less likelihood of having complaints coming from abroad than you will if you try to define the thing too definitely, because I do not need to tell the Committee about the different kinds of damage and the things which may happen to the different crops, they know all of that as well as I do. I think it has worked pretty well if you consider that in exporting for the last three years about a billion bushels of grain, we have had after all complaints on only fifteen cargos. While it would be nicer if we had no complaints, I would say this that if the commercial world and the man in business, I do not care in what line of business, could live up to that standard it would be a pretty high standard. And if I had been in the position where I had been responsible for that grading and the handling of things and were able to show that record, I would not be ashamed of it.

As I say, you cannot get this thing down to a rigid rule of thumb proposition. On the samples of grain there will always be a difference of opinion. I am sure that Mr. Fraser and Mr. Symes do not always agree when they come to look at a sample; I am sure that at times they would have differences of opinion. The same thing is true of the grain man, and it is true of the miller and of everybody in the business.

*By Hon. Mr. Malcolm:*

Q. I think that a few minutes ago, in answer to a question, I believe Mr. Millar, you said that you did not believe that the amount of grain diverted for the western Canada flour mills made any appreciable difference in the quality of the grain going out of Fort Williams? A.—Yes sir.

Q.—Therefore the average at Fort William should then be quite close to the average of the grain taken in at the country elevators?—A. Yes, sir.

Q.—Now the Pool suggest to the Committee that in order to arrive at a fair and equitable outturn standard we should set the outturn at 75% of the average and 25% of the minimum. I take it that you say there is danger in that? A.—Not just in doing that. We are prepared to operate under that. I think there is danger in sending a standard based on that across the water to your buyers and saying that that is what you are going to live up to.

[Mr. J. R. Murray.]

Q.—In other words, you think it would not be possible to live up to the standard set at the beginning of the crop season? A.—I think there are some seasons when it would not be possible to do so.

Q. I should think, Mr. Murray, that if it was not as good as the minimum sample, it would be graded down?—A. I do not just get that.

Q. The Standards Board set samples which are the minimum of the grade, on which the country elevators buy?—A. Yes.

Mr. GARLAND: Which they use in Winnipeg.

*By Hon. Mr. Malcolm:*

Q. And these samples are used to find whether the country elevators have given the right grade to the grain purchased, or not. In setting the outturn sample we take the average of the cars passing through Winnipeg, and 75 per cent of this outturn sample is the average of these cars passing through Winnipeg, and 25 per cent of it is the minimum set for the Winnipeg inspection. I cannot see why that cannot be maintained because if by some climatic condition which happened later on in the season the grain was damaged, it seems to me that that grain would be graded down at the purchasing point where there would be inspection.—A. The characteristics, the appearance, of some of the latter receipts might be a good deal different and might look inferior, stuff bleached which had been out under the weather, and you might not be able to get your stuff graded in on that minimum standard. Let me try and describe it in this way. The big bulk of your No. 3 Northern coming in and being graded on that minimum standard might be down too close to it to enable you to get up to that sample which you had delivered in the first place of 75 of the one and 25 of the other.

Q. In other words, you think that later in the season there might be danger of most of the grade being close to the minimum?—A. Yes, there might be. In southern Alberta, in recent years, we had a large quantity of the grain which stood out all winter; it may have been as good for milling—I do not know about that—but it did not look as good as the average, the previous fall; and you might have some bad shipments out of Vancouver based on that.

Q. Assuming your suggestion is well-founded and that there is danger of setting the standard at 75/25, at what point would you suggest it should be set in order to maintain the outturn during the whole crop season?—A. Well, I do not know that I want to make a suggestion on that. We are prepared, as private terminal operators, as I have stated, to operate on that basis. I do not think I would want to set a figure. The only way I can answer you, according to my belief, Mr. Malcolm, is that you have had for the past few years your standard samples set by your Chief Inspector and sent abroad, and you have had your inspection done and your shipments made on a certain basis, something close to the composite sample; and you have had, in my opinion, considering the drying question and the fact that that probably was not handled as well as it might be, you have had a very small number of complaints; and this season you are not getting any complaints. I would be inclined, whether I left it with the Chief Inspector or with the Board of Grain Commissioners, or with the Standards Board, to leave it on a basis that at least left some leeway for those men to use their judgment in what they set and what they call for as a requirement.

Q. But you would not allow them to change it after the standard had once been set, would you?—A. No, sir.

Q. In other words, you would suggest that the 75 of the average, and the 25 of the minimum, might be a basis on which the standard is set, but there might be some tolerance below or above allowed?—A. In accordance with the judgment of the men who are charged with the responsibility of grading stuff going out.

[Mr. J. R. Murray.]



Q. Then, would it do to say this, would it be advisable for this Committee to recommend legislation setting the outturn standard which, in the opinion of the Standards Board and the Inspection Department should be the average of the grade for the crop here? You say that 75-25 might not be the best definition of the average?—A. Well, I do not know whether I understand your use of the term “the average of the grade” correctly, Mr. Malcolm?

Q. I mean, the average of the shipments coming in.

Mr. MOTHERWELL: Passing Winnipeg.

*By Hon. Mr. Malcolm:*

Q. Passing Winnipeg, yes. I do not know whether I am expressing myself in a way that makes it possible for you to understand it, but I am trying to get your opinion; you agree, I think, with the idea that it is desirable that the shipments going out of Canada on any one grade should be as nearly the average of the cars coming in to the terminals possible?—A. Yes, sir.

Q. Well, then, in determining the standard for the outturn, instead of setting up a composite sample, as Mr. Serls says he is doing, and deciding on the average outturn of the public terminals in case of an appeal, and it is fair to mention, as Mr. Vallance did, that evidence from Mr. Fraser brought out the fact that the average of the public terminal was not much better than the minimum of the grade; what would you suggest if the 75-25 is not correct?—A. I do not know that I could suggest anything better than the 75-25. I might say that my attitude about the 75-25 is not taken from the point of view of ourselves operating a terminal. It is this idea of sending that sample abroad. The responsibility would not be mine, but it seems to me that you might be setting up something that you would find it hard to live up to.

Q. Who would suffer in that case?—A. The buyer would suffer in the first case if you could not live up to that, and he had been buying on that basis, figuring that was your standard. But the final result would be that we would suffer worse here as growers of grain. It is the worst possible thing that could happen. Let me put it a little differently: I do not believe you can set any standard, or have any system of inspection of grain in country and terminal elevators, and exporting it and having it go out to buyers, that will enable you to get, on each particular cargo, the exact value of that to the buyer. You cannot set standards for several seasons and do that. You are going to, year after year, on the average, give the buyer a little bit more than he pays you for, or perhaps a little bit less. In the past, I think we have been giving the buyer a little more than he was paying us for, on the average. He has had that standard sample, which is the minimum of the grade. But we have shipped him something better than that. He has paid us perhaps a little more than the minimum was worth, but he has not paid us up to the full value of what we shipped him. The result is that he has always felt, with the exception of these few complaints recently, that when he bought on this certificate with the Dominion Government's name on it, that he got full value, and sometimes a little bit more. And that is the thing that has built up our reputation, and I would rather continue on that basis and not give him too much above that minimum standard; give him something a little above that rather than raise the standard sample for my shipments, and send that to him and say that is the standard and then fail to live up to it. Once you shake his confidence in the standing of the certificate that the Dominion Government sends him, while you may rectify it in a little while that is the worst thing that can happen.

Q. You say that the present system is the best. Now, let us take the other side of it altogether and forget any outturn sample at all, and say that the best results can be obtained by sending out grain unmixed. There are those who advocate that. This 75-25 outturn standard was suggested after the opposi-

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tion to mixing had been pretty seriously voiced as an alternative to legislation prohibiting mixing. Supposing we do not set an outturn standard and prohibit mixing by legislation, is there going to be as great uniformity in the shipments as there is to-day?—A. No, I do not think there would be.

Q. Therefore, whether you prohibit mixing, or whether you do not, in order to get uniformity you would have to have an outturn standard.—A. I think so.

Q. Why?—A. I think there is a good deal more involved than just that when you consider the question of eliminating mixing; there is the question of the movement of grain into the terminals—

Q. But, Mr. Murray, I do not think you have quite grasped what I was trying to express. Whether you mix or whether you do not mix, in order to secure the return for the farmer, and to keep uniformity for the grain going over, you would almost have to have an outturn standard. You may argue as to what outturn standard you should have?—A. Yes, if you have an outturn standard.

Q. Eliminating mixing alone would not bring about the desired result?—A. I do not think so.

Q. May I ask you this further question? I would like the Committee to follow this thought: there is nothing in the Canada Grain Act that prevents the United Grain Growers from shipping their grain out without having a government certificate, is there?—A. There is almost everything in the Act, but I do not think there is anything that does that.

Q. Of course there is not. You can buy grain at the head of the lakes, and put it on your own boats and ship it to Liverpool without having the Canadian inspectors see it at all. Is that not true, Mr. Fraser?

Mr. FRASER: I think everything has got to be inspected.

Hon. Mr. MALCOLM: Does the law say it has to be inspected?

Mr. FRASER: He can destroy the certificate.

The WITNESS: I can take their certificate and put it in the wastepaper basket.

Hon. Mr. MALCOLM: Then a farmer can grow his own grain and take it in a sack over to Liverpool and deliver it to his brother who is a broker in Liverpool.

The WITNESS: I know one farmer who shipped sacks of grain over there thirty or thirty-five years ago.

Hon. Mr. MALCOLM: Did he break the law?

Mr. VALLANCE: It is done every year.

The WITNESS: This was a carload, as a matter of fact, that went that way; it was from eastern Saskatchewan.

*By Hon. Mr. Malcolm:*

Q. Is a man doing that breaking the law?—A. Well, I do not know.

Hon. Mr. FORKE: What is the point?

Hon. Mr. MALCOLM: The point is rather an important one.

*By Hon. Mr. Malcolm:*

Q. If you prohibit mixing to-morrow, suppose you operate two terminal elevators at the head of the lakes and put into one terminal elevator the top of all grade No. 3 and put into the other terminal elevator, the bottom of grade No. 3, it would all be grade 3 grain; you could ship the bottom of the grade to Liverpool, could you not, if you did not have an outturn standard?—A. Well, you would not get your grade out of the terminal under the present inspection system.

Q. You could sell all the top of that grade by not bothering with inspection certificate at all on the sample market in Liverpool?—A. Yes, you could sell it.

[Mr. J. R. Murray.]

Q. So that the prohibiting of mixing is going to open up an avenue for doing all sorts of things that I do not suppose have been thought of?—A. Well, it will open up a lot of new avenues for handling grain——

Q. It opens up avenues for corrupt practise?—A. I won't say avenues for corrupt practise.

Q. Mr. Murray, what I am trying to arrive at is simply what I mentioned in my first sentence, that you are not going to be able to improve the situation, at all by prohibiting the mixing unless you regulate the outturn standard, is that not true?—A. You are not going to improve the situation by eliminating mixing?

Q. Unless you regulate the outturn standard?—A. If you regulate the outturn standard I think you would make the situation worse in some other respects, if you eliminate mixing.

Q. After all the thing that is important is the outturn standard?—A. Yes.

The witness retired.

The Committee adjourned until 8.00 P.M.

### EVENING SESSION

The Committee resumed at 8 p.m., Mr. Brown, Acting Chairman, presiding.

J. R. MURRAY recalled.

The ACTING CHAIRMAN: Now, gentlemen, we will come to order.

Hon. Mr. MOTHERWELL: Mr. Chairman, I wonder if Mr. Murray has nearly completed his statement, because while we do not like to interrupt, yet I feel that some of us would like to ask some questions. He is a very important witness and has covered a lot of ground, and we want to get through to let him catch the Toronto train. Can we proceed now without interrupting by asking questions?

The ACTING CHAIRMAN: Yes.

*By Hon. Mr. Motherwell:*

Q. If the meeting is open, I might start by asking a question about mixing, which is an important one to me.

I got a new vision; Mr. Murray indicated that the very foundation of mixing was the cleaning of grain. That is rather a new one on me. At the same time, I can see that there is a beneficial mixing, Mr. Chairman—there is no question about that—and the fundamental basis of that is cleaning, that is to say, you can grade up by severe cleaning. Now, I think if we could just hold the mixers to that, there would not be any two opinions about it. But once we start at it and recognize mixing by law, it depends upon a man himself as to what he can do and what he can put over on the inspector. Let us get a little closer. I was glad to learn, and you confirm it, that you are not mixing smutty wheat into straight grades; is that so, Mr. Murray?—A. Yes.

Q. I am glad to hear that, because I was shocked to learn from at least two witnesses speaking on behalf of the Pool that there was no pretence at scouring or brushing, or doing anything else, but that it went right into the straight grades. That was a real shock, and it was a pleasure, as I say, to learn that you were not doing that. You have not gone to the limit of that in mixing. Mr. Sproule expressed a strong desire not only to get away from that but from all forms of mixing as well. What do you do with the bin-burnt wheat?—A. We get a very small proportion of bin-burnt wheat, and what you would do with

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it would depend on the extent to which it was bin-burnt. It is quite possible in some samples of wheat with heated kernels in them, that with heavy cleaning, a lot of those heated kernels would be taken out. You would not take them all out.

Q. There must be a form of bin-burning that is so severe that really you would not care to put it back into the straight grades at all. Is that dribbled in in small proportions that will not show much, or what?—A. If you were going to mix it, you would put in a very small percentage.

Q. And that is probably done?—A. Yes.

Q. Just a moment; to indicate just what I want to get at. Mr. Sproule gave us some sample mixes. I presume this was one of the choice ones. I am not going to refer to that, because there was some dispute as to whether it was a genuine one or not, that is to say, whether wheat was there or not. In Mr. Sproule's evidence, at page 102, he goes on to show that a shipment of 125,000 bushels of No. 3 contained 65,963 bushels 3 Northern; 20,000 bushels rejected 5; 1,200 bushels Tough 4, 6,720 bushels No. 5; 5,280 bushels 1 and 2 Kota; 8,580 bushels Mixture of 3 and 4 Wheat; 4,730 bushels Tough No. 3 Kota; 4,730 bushels Tough 3 Red Durum; 1,300 bushels Durum and spring; 6,500 bushels Dried 2. That was quite a common mixture, I understand from Mr. Sproule; some are much worse, but this appears to be about an average one. Is that your idea of mixing?—A. These figures, just adding them up quickly, if I am correct show almost 25,000 bushels of Kota. Let me check that.

Q. Two lots of Durums?—A. I am wrong. I added in the 8,500 bushels of 3 and 4. About 16,000 on a shipment of 125,000 bushels. That would be a little more than 12 per cent. Well, I do not know what was put in that shipment, of course. It is not for me to question the statement of another witness on it, but I would be surprised if that would get past the Government inspector and the check by the buyer's inspectors that would be on the boat.

Q. You would have some hesitation in making a stab at it yourself?—A. I would not try it.

Q. Well, now, rejected for barley and rye. I notice a lot of this rejected disappears. I have a list of off grades that disappear. They come in, but there is nothing to indicate where they go out, and this is one of them. "Rejected for barley and rye" I suppose you would clean that all you could, and then what is done with it?—A. Mix it.

Q. That is one of the complaints from overseas, that there is getting to be a little too much of this, that, and the other; many littles make muckles, a little of this, and a little of that?—A. I do not think that is correct. I do not think there could be a lot of them in any sample and pass the standard. I might say this, that there is a little more of all of this grain coming from the country than there was ten years ago. It is very difficult to get No. 3 Northern wheat from the large territory in the West now that does not have rye in it. Ten years ago you did not see it.

Q. But wheat has increased more rapidly than rye?—A. Yes, I know that there is wheat being grown on land that had rye grown on it before.

Q. But the wheat crop has grown more rapidly than the rye crops; wheat crops have more than doubled?—A. Yes.

Q. Then there should not be any increase in this mixture?—A. I do not think that is quite correct. Take ten years ago, in your run of No. 3 Northern from the country you very seldom found a car of No. 3 that had any rye in it, and the situation now is that you have a large percentage with rye in it. You have more than you had ten years ago.



Q. They are encouraged to do it because it is mixed. That is what I contend. The more you encourage it by mixing poor stuff with good, the more poor stuff will be grown. If they had difficulty in getting rid of it, they would grow less on rye ground. What about the sprouted?—A. Sprouted grain is mixed. No. 3 Northern carries a certain percentage of sprouted.

Q. I was looking at these screenings. Maybe I was a little unfortunate in examining a couple of terminal elevators that I ran into. I wanted to see what was done this fall, after hearing all that was said about it. I got in there by grace—saving your presence—and having got in by permission I do not feel like disclosing which elevator it was. I got into a Pool elevator and you will have to guess which one it was. One of them was putting out an extraordinary mix of Durum, and I was wondering whether it was the general habit to put screenings, I think they are sometimes called “re-cleaned screenings” back into a mix. For instance; in No. 3 Durum they were putting in 50 per cent No. 3, 25 per cent No. 4, 10 per cent white spring wheat and 5 per cent screenings. They did not qualify it by saying that it was re-cleaned wheat. I will pass this around to you. I have passed it around so frequently that I have nothing but about an inch of it left, if you do not mind?—A. It has been gradually disappearing?

Q. The other elevator was putting out No. 3 spring wheat and that was mixed in about equal parts of 2, 3, and 4. Now, that was my first sight of that. Although I knew how it was done in a general way by hearing of it, I had never seen a car being loaded out with those percentages, and I felt like taking off my hat at the ingenuity with which the things slipped into each other and turned out not a bad looking wheat.—A. There is quite a percentage of good wheat in it; and there is some poor stuff, small stuff.

Q. It would give a chicken a pain.—A. I think the wild oats might do so, Mr. Motherwell, but I do not think the wheat would; some of the wheat is already broken up, ready for the chicken.

Q. I am glad to know that your company do not work in screenings, or do you?—A. We work in re-cleaned wheat.

Q. It depends upon how you clean it. Still you might clean it severely like this, two-thirds of it might go back again. To the gentlemen who is operating the belt, I said “What are you putting back in there?” and he said it was screenings. I asked him what he was putting it in there for, and he said it was to hold their weight. I presume your operators on the belt are instructed, the same as in the Pool; that is to say your foreman gets out a prescription, and the operator obeys orders and puts it out accordingly.—A. I do not know whether they are given the same instructions as the Pool or other elevators, because I do not know what the other man’s instructions are; but I would say that our men doing the actual work have got no regular, definite formula that they follow. They use their judgment on the samples of the grain that they are working on, and they mix to their best judgment and to the best advantage to put that shipment out so that it will stand up without any complaint from the inspector or from the inspector who is checking for the buyer.

Q. They are making what they can get past, allright. Then how does the inspector check up, say, on White Spring wheat and Amber Durum? How is an inspector to catch that, if either is mixed with the other, as they are almost as identical as two peas?—A. Oh, I think the inspector would know the difference. I would prefer, however, that Mr. Fraser or Mr. Symes should answer for their inspectors, Mr. Motherwell.

Q. Anyway, it is quite safe to mix spring wheat with Durum, although they are for two different purposes; one is a bread wheat and the other is not. It was quite obvious, after I saw that, that that was where quite a lot of our white spring wheat was going.—A. Mr. Fraser or Mr. Symes could furnish more valuable information to the Committee on that.

Q. You realize the difficulty there would be in catching that kind of a mix, of a bread wheat and a non-bread wheat?—A. I have not inspected enough to know how difficult it would be, sir.

Q. Once it gets on the belt I do not believe it is possible for an inspector to find out. At the same time Mr. Symes agreed,—you know Garnet was not allowed to go beyond No. 2, and yet they could put in 5 per cent of that Garnet into No. 1 and no one could tell it. That was generally understood. Now, one of the advantages or one of the arguments on behalf of mixing which has been made is that if you do not mix a number of off-grades with the fine grade you would have difficulty in selling them. What have you in mind? I do not think you have said that, but that is the popular idea, that we would find ourselves in possession of a lot of goods of good quality which we could not sell. What do you think they would have in mind who made that argument?—A. That varies a good deal with different crops. If you take a tough crop, where you have a lot of tough grain, you can dry a certain proportion of that grain and put it out in that way, at a certain cost for drying and a loss through shrinkage; but you will put out a lot of that tough grain in its tough condition, without any mixing; you will not be able to dry it all. That is a certainty, in a crop where you have a lot of it. If you cannot mix a percentage of that crop, that you cannot dry. That means that you are going to have more tough which is not going to have to be sold for export. I think it is an absolute certainty that you would sell that extra quantity, in fact not only the extra quantity but you would sell all of your tough grain of that crop, at a good deal wider spread under the straight grade than if you had the privilege of mixing it and particularly at sometimes in the year, when you come along towards spring and that stuff is going to go over there during the summer. The fact of mixing will enable you to lower the amount of tough wheat which you have to sell to the man abroad and is going to help make a better demand for the rest of your tough. I do not think that tough wheat being mixed is going to injure the straight grade, as long as the sample going out does not show excess of moisture.

Q. Well, the unanimous opinion that I ran across was that they would rather buy it in the tough stage, as long as it went over in the winter time, and dry themselves over there. But what I want is what do we take on to the market that we could not sell if it were not for the fact that you have the opportunity of mixing it in with better wheat? What have you in mind?—A. I have not made the statement that any of it would be unsaleable. There is not a thing that we raise, that I know of, that we could not sell at a price.

Q. At what it is worth?—A. No sir, we could not sell a lot of it at what it is worth. That is where I absolutely disagree; we would sell a lot of it at a good deal less than what it was worth.

Q. If the people realized that, do you not think they would aim at not growing that?—A. No sir. I think when you consider the average situation throughout the three provinces, farming operations are, in the majority of cases, on a basis that a man will not check that up. I do not know that he is in a position to check that up as you would and apply the remedy which you would apply. I do not think the average man is in a position to do that.

Q. If they are hit hard, they will look around for something better to grow, if it is so bad that you cannot get the value of it by selling it by itself. It must be so bad that it will pull down the rest of the stuff.—A. I did not say that. But I say that there are grades that the buyer, if you have it and blend it with something else, will take it and be satisfied. But if you offer it under a label which is new and unknown to him, something of which he can get only small lots, he will not give a fair price for it. Let me give you an illustration of that, when talking about small lots.



*By Mr. Coote:*

Q. Could you name the number which you think would be difficult?—A. Let me give you some figures on these small lots. In the year 1926-27 there were 908 grades of grain unloaded into private terminals. There were just 110 grades out of that 908, the quantity of which for the whole year was 50,000 bushels or over. In other words, there were 798 grades of which there were less than 50,000 bushels of each for that whole year. Let me go a little further, there were 615 grades of those which were each one individually less than 5,000 bushels for the whole year. Those are the figures checked up.

*By Mr. Donnelly:*

Q. How many bushels were in the whole lot which you mention?—A. The receipts of all grades would run into the tens of millions.

Q. I mean just the off-grades which you refer to, the 908 grades?—A. 798 with less than 50,000 of any one, and of those there were 615 of which none were over 5,000 bushels. I have not the figure which you want.

Q. I think I have the figures for that year, which show that there were less than 7,000,000 bushels altogether.—A. This is 1926-27.

Q. Yes, I have the same year, and outside of the toughs and straights and damps, there were not 7,000,000 bushels of them altogether.

*By Hon. Mr. Motherwell:*

Q. I was going to ask Mr. Murray about that. These figures would amount to  $5\frac{1}{2}$  per cent of the crop altogether, about  $5\frac{1}{2}$  per cent. Assuming that  $5\frac{1}{2}$  per cent is about the amount of the off-grades, outside of the tough and damp, because that is a distinct off-grade by itself, outside of that, there is about  $5\frac{1}{2}$  per cent of off-grades. The question is how far we are justified in nursing that  $5\frac{1}{2}$  per cent of off-grades and running the risk of jeopardizing the other 95 per cent of the crop. That is the problem. how far should we go in nursing them along in order to get a better market for them? How much better do you think you will get on the average for that  $5\frac{1}{2}$  per cent of off-grades?—A. Well, I would not put a percentage on that.

Q. It would be a pure guess.—A. Yes. I think it is as much a question of theory perhaps as the theory that you are injuring your straight grades in which you are mixing that grain; because I think, as I have stated before, that this is a question of theory and opinion at the present time, and there is no proof, one way or the other.

Q. It is not a theory regarding the improvement of the low grade, is it?—A. No.

Q. Then why should you call that an actual fact, and then call the suggestion that it lowers the high grade a theory? One is as much a fact as the other.—A. Well, there is not any evidence that it lowers the high grade as far as the milling value of it is concerned.

Q. Then let me put it this other way, and let us get away for a moment from wheat. You know there are a lot of other farm products which are graded, such as cheese, butter, eggs, apples, potatoes, and all that sort of thing. Now, supposing we legalize the mixing of eggs after the grade is put on, and that the only way the poor farmer could get rid of his eggs was by mixing them and you happened to get one of those for your breakfast, you would not think of the mixing of the eggs?—A. I do not think the analogy is fairly comparable.

Q. Because we cannot get anything as objectionable in wheat as you can in eggs, but is not the principle the same?—A. I do not think the principle is the same. I think the principle, as far as wheat is concerned, is this under varying conditions as to whether, and so on, in various crops you will grow, different kinds of crops, and all kinds of different grades, running into the hun-

[Mr. J. R. Murray.]



dreds, and I think on the average, if your system is one that enables you to put the great big majority of that grain or all of it on the market in the best and most uniform way, that it will bring you back the most money.

Q. I know, but I want to find out how it can be an established fact that raising the poor stuff would help the price while putting that same poor stuff into the good stuff will not lower the price. Take apples, which are less objectionable than eggs. All our apples for export are inspected, that is government inspected, except the Maritimes, and you can go on to the British market and they know exactly where those apples come from. They know the Maritime apples because they do not carry any government certificate, but B.C. apples, which have to be graded up to quality and standard, carry a government certificate. How would it be if they started plugging them in British Columbia? Do you not think that they would soon find it out?—A. Each apple is hand picked, practically, and put in a box.

Q. B.C. is?—A. Yes, and I do not know, and I do not think that because you take some grades that are off grades because of some damage to them and remove as much of that damage as you can and leave a lot of the good grain that is in some of those low grades, or you get some other damaged grain there, and some with a small percentage of foreign grain, and you put that in, I do not think you necessarily lower the milling value of your straight grade.

Hon. Mr. FORKE: Mr. Motherwell, I would like to know what this five and one-half per cent is.

Hon. Mr. MOTHERWELL: It is all the off grades.

Hon. Mr. FORKE: I have raised wheat for forty years and I do not know what that is.

Mr. VALLANCE: It is all tabulated.

Mr. DONNELLY: It is all here, Mr. Forke.

*By Hon. Mr. Motherwell:*

Q. No. 3 seems to be the favorite jackpot?—A. It is a very favorite grade with buyers in the world's market. I think there is an explanation. As I stated this morning—I do not think you were here—in connection with the 1926 and 1927 crops, I do not think it is a sound deduction to lay the blame of the complaints that came on those two crops to the mixing of grain. We know that the 1927 crop was of a poor quality all over this country, that the milling strength was not in it. I think also what contributed to the difficulty in connection with those two crops was the amount of dried grain, and probably a lot of that drying was not done as efficiently as it should have been done, and the wheat was damaged in the drying.

Q. That was the result of mixing?—A. No, sir, excuse me. That could have been dried in public terminals if the same terminals had been operated as public terminals; with the same men operating them and the same dryers drying the grain, those men would not have known any more about the most efficient way to dry the grain, and they would have damaged that grain in drying it in those public terminals. It would not have been apparent to the naked eye, and there would be exactly the same complaint.

Q. You would have had to dry it at a much lower temperature, and much more slowly. They do not want it dried over here the way it was dried those two years, but I think that has been corrected?—A. I think it has been corrected.

Q. Those things that would arise every time that you have a crop that is suitable for that, on the principle of mixing?—A. Excuse me, sir. The principle of mixing has nothing whatever to do with the drying of grain.

Q. The mixing of it in with a straight grade.—A. No. In a public terminal that grain would be graded 3 Northern if in the judgment of the inspector when that grain was dried it was qualified to go into the straight grade of the original grade; it would be graded 3 Northern or 2 as the case might be, straight grade.

Q. At the option of the Board?—A. At the option of the inspector. And I think the judgment of the inspector would be exactly the same if coming out of a public elevator. In a year like that the same complaint would have arisen.

Q. But what created the disappointment over there was that No. 3 Northern, which was the top grade, had everything conceivable thrown into it in the mixing.—A. I do not think everything conceivable was thrown into it.

Q. Well, I cannot conceive of anything else that could have been put in, but I know the pool admitted frankly it did.—A. Well, if they want to get away from it, sir, as I suggested this afternoon, and mentioned this morning, the remedy is in their own hands. They have all the facilities, and all they have to do is to operate public and demonstrate beyond all question that their grain coming out unmixed is worth more than ours mixed.

Q. Not being an elevator man or a dealer, I had to take my information from any source I could get it, and from what I could gather the pool came to the conclusion it was not practicable to segregate their wheats. It would take them quite a while to build up a reputation. After a while, if it was found consistently better, they would no doubt build up a better reputation, but they were on trial as a new organization. They had the first five years to make good; they had a good many enemies. They simply had to do as those that preceded them; they had to do the same as they had done for many, many years; there was no other option, otherwise, they would be experimenting and putting out a better grade, building up a reputation and getting, for several years, nothing for it, and in the meantime were not doing as good as their opponents?—A. They were the people who had to reach the decision on that, and it is not within my province to criticize their decision. But what I say is this, that I do not think there is sufficient justification for that statement for them to come as grain handlers and say that they do not believe in mixing and that the way to stop it is to pass legislation to prevent me doing it. They are established now. They can make the test now; they are in a good position to do it. Let them make the commercial test.

Q. Well, now, Mr. Symes must have thought it lowered it when he, without any legal sanction, put up the standard of outgoing grain from the mixing terminals. Why did he do that? Why did he find it necessary to put up the standard if mixing had the tendency to lower it?—A. Mr. Symes will have to answer that question.

Q. You know it was done?—A. Yes, sir.

Q. And it did not have to be done? A man did not have to break the law to keep up the standards, but as soon as the 1925 law came in, opening mixing to buyers, Mr. Symes thought it necessary to check it up without any legal sanction in order to get it at a reasonable parity and keep our position in the British markets defensible. You spoke of the objection and of the disappointment on the part of our buyers, and you thought with the exception of a few instances, a few complaints, that that confidence was reasonably well maintained. Just to see what you think constitutes a few, might I quote from an official letter sent by Mr. Urquhart, Secretary of the Liverpool Corn Exchange Association, to the Government here? I will just quote an extract; it is all very much the same. Here is what Mr. Urquhart, representing the largest Grain Exchange in the world, says:—

The ACTING CHAIRMAN: What is the date of that?

[Mr. J. R. Murray.]

*By Hon. Mr. Motherwell:*

Q. 15th February, 1928, dealing with the 1927 crop:

"In years gone by, complaints were few and far between, but since the autumn of 1926 they have been very numerous, and the confidence which the trade used to place in Canadian certificates has been badly shaken. My directors find that the whole U.K. and Continental markets are becoming very dissatisfied with the arrivals of wheat under 'certificate final', and unless matters improve they are quite certain that there will be a strong agitation to discontinue this method of trading and to insist on buying on standard samples in the same way as trade is done with other countries, such as the Argentine and Australia.

I am not going to say that that is all due to the effects of mixing, but the best authorities tell us that a tree is known by its fruit, and the mixing tree, since 1925, has borne this kind of fruit every year but this last year, and we all know there was very much less mixing this year, for two reasons: one was that the crop did not lend itself to it, and the other was that everyone who was interested in this matter wanted to jack up our wheat and try to get it back in some measure to where it was, and I tell you the farmers felt it in having to put up the grade necessary to do that. In the face of that, I ask you is that not something very serious? There were seventy farmers interviewing the same Corn Exchange who came back with exactly the same story, and I sat in with sixteen members of the Liverpool Corn Exchange and heard the same story from them. There were only two or three wild ones among them, but the rest of them were disappointed in our certificate. Do you not look upon that as somewhat serious?—A. Yes, sir.

Q. You never heard such complaints since we started to grade wheat?—A. I do not think we ever had two such crops as 1926 and 1927.

Q. And 1925, in some measure?—A. Yes.

Q. The fact is that you never know when you are going to have this and under the mixing system it will lend itself just the same, if we have it again?—A. In my opinion we would have had the same if the drying had been done in public terminals and the grain had gone out of public terminals.

Q. I tried to defend the situation the best way I could. I was willing to attribute about 75 per cent to the peculiar character of the ear, and I innocently suggested that there were three reasons; the weather was about 75 per cent; there were so many varieties of nondescript stuff going forward that it accounted for a small percentage, and unwittingly I said that I thought some percentage was due to the practice of mixing. I never dreamed but what they knew about it. A few of them did, but some of them did not and they went straight up in the air. I never mentioned it elsewhere, except in London where I was asked directly, and had to admit it, but I did not volunteer it any more because I was too ashamed at having to admit it, and it made them too angry. When a man is angry he is inclined to exaggerate, and I would rather have them in a calm condition of mind, such as they were in before they knew about it. They told me that they were disappointed and exorcised, and wondered if that was to continue, and if it was correctable, they wanted us to correct it. They want to extend their trade within the Empire, as we all do. This puts the wheat on a parity with the plate wheat and the Australian wheat.

Q. Have you been over to see the wheat there?—A. No, sir, I have not.

Q. You cannot put this stuff into good wheat without bringing it down a little. If it was only brought down a half a cent on the 380,000,000 bushels of other wheat, outside of the off grades, it would offset the gain for all the off grades even if they gained 10 per cent?—A. I think my opinion on that is already on the record.

[Mr. J. R. Murray.]



The ACTING CHAIRMAN: Had we better not try to get Mr. Murray's opinion rather than impose ours upon him?

The WITNESS: I think I cannot do better than follow Mr. Coote's advice and say that my opinion on that is already on the record.

*By Mr. Motherwell:*

Q. I am pointing out a mathematical calculation. One half cent reduction on our grades on 380,000,000 bushels would be practically equal to ten cents increase on the off grades, assuming that was 20,000,000 bushels. Now, on a glutted market like the present one is it not a fact that almost anything of an inferior quality is difficult to dispose of, it does not matter whether it is hardware, or clothing, or wheat, or potatoes—when the market is glutted the good stuff goes first?—A. If the holder is willing to sell it at a competitive price it goes first; not otherwise.

Q. Quite so, but there is more demand for quality?—A. If the owner of it has an inflated idea of its value and lets somebody else undersell him, no.

Q. I make an exception of the Orient?—A. I did not mention the Orient, sir.

Q. I am drawing attention to the fact that in the Orient lower grades could be sold to better advantage?—A. Yes, sir.

Q. But on the European and British markets, they want the very best we can produce?—A. If they can buy something which on the basis of dollar and cents value will give them a little better value they will buy it as quickly some place else.

Q. No doubt, but when we got ours down to a No. 3 it was on a parity with Australia and we thought we had the edge on the world situation with the stuff undiluted with anything else. Do you not think that the six straight grades upon which we rely to secure and maintain our reputation should be kept intact? If we are going to promote Imperial trade and good farming, is there not enough experimentation to keep the mixers hand in if he was confined to the off grades, and to give the farmers the encouragement for growing good articles?—A. I do not think that under that system you will particularly encourage the farmers to grow good articles. Their particularly good 3 Northern would be binned with the poorer 3 Northern in the public terminals and the man with the particularly good article would get no extra advantage.

Hon. Mr. MOTHERWELL: I have taken up nearly an hour's time this evening. I want to express my pleasure that your company is not as bad as some we have heard about.

The WITNESS: I want to make a suggestion. We were speaking about drying quite a little. I think it was Mr. Garland (Bow River) who made the suggestion in connection with the supervision of drying by the inspection department and raised the question whether it would be practicable or not. Our opinion is that it is perfectly practicable, and it would be a good thing. That supervision would, I think, simply consist or need to consist of the Department having stationed in each terminal at the dryer in a crop where a lot of our grain had to be dried one man to see to it that the temperature of that drier was not at any time above what it should be; in other words, that it was kept below 180 degrees for drying tough wheat and drying damp wheat, with a little more moisture, probably at a temperature below 170 degrees. Now, beyond that you would not need any check to ensure that the quality of that grain was not injured in drying. You could make this further check, that it would be easy for the inspection department to test the moisture content of that grain after it was dried, but, as a matter of fact, that would not be necessary if the man at the dryer saw that the temperature never got too high, and that the grain was not left in there too long. It would be quite simple. Probably the grain is in the

[Mr. J. R. Murray.]

dryer from 45 to 55 minutes. There is an automatic attachment on—a tripper—and according to the time necessary to leave that grain in this tripper would operate, every forty seconds or forty-five seconds as the case may be, thus moving the grain on in the dryer. All the facts in connection with that are much better stated by the National Research Council and the Committee is familiar with the information they have brought out in connection with this question of drying, but I wanted to make the suggestion that in our opinion it would be perfectly practicable to have that drying supervised in that respect, and we think it is important enough that it should be done, because it is a very serious thing in a crop when we have a lot of tough and damp grain to injure a large proportion of it before we put it on the world's market, by its not being properly dried.

*By Mr. Millar:*

Q. With reference to the price of the low wheats, when the farmer sees, as he did last season, bran at \$32 a ton, and he is selling his straight grade feed wheat at \$18 a ton, do you think that was the price he would consider gilt edged—that he was getting an enhanced price because of the mixing?—A. Somebody else sets the price of bran and shorts.

*By Mr. Coote:*

Q. Mr. Murray, the statement was made this morning that mixing was necessary in the interests of the farmer. Can you tell us why? If it bothers you to answer, I do not want to press you—A. I have tried to answer it in patches to-day at various times.

Q. Is it beneficial to the farmers who are producing wheat whose grades are rejected for some cause or other?—A. Yes.

Q. Are most of the off grades rejected not preventable by the farmer himself?—A. The Committee is in a better position to answer a question like that than I am.

Q. You can help the Committee very much in arriving at a proper conclusion on the question if you would tell us what practical difficulties your company would meet in the marketing of the farmer's grain if mixing of the grain were prohibited. I think that is the underlying reason for bringing more witnesses before the Committee at this time.—A. In the last three seasons we have had for a period each winter after the close of navigation, varying from two to four months, a serious congestion at the head of the lakes, with full terminals and from 3,000 to 5,000 cars standing in the yards waiting to be unloaded. Other cars, of course, are on tracks at points in the west. It was very, very serious two and three years ago on account of the amount of tough and damp grain. That was in spite of our having as high as 68,000,000 bushels in elevators, the total capacity of which was slightly over 72,000,000 bushels. Now, if you will just picture all of these different terminals with all those tanks—most of them large tanks—not very many small bins, and all that space utilized except a little less than 4,000,000, you will see that that would absolutely not be possible with public terminal operation. You cannot possibly fill your private terminal storage capacity, and keep your grades separate.

*By Mr. Donnelly:*

Q. If only the straight grades were put in?—A. Yes sir. I would like to deal with the question of straight grades and the effect that would have on us, in a moment. In these public terminals at the head of the lakes, if you had a majority of them operating as public terminals, you would not get the same storage capacity out of them—no chance of it—as you can if they are private. And it would back up: when you are keeping cars on tracks for two or three

[Mr. J. R. Murray.]



months waiting for space to unload, and there are men all over the country wanting to get their cars unloaded, and as that is aggravated, you aggravate the whole situation. The last two Falls you have had almost a similar situation right in the very height of the grain movement; there were a good many terminals at the head of the lakes plugged during the rush movement. Unquestionably, in my opinion, you are aggravating the situation if you make the elevators public except a few hospital elevators, be allowed to handle off grades. As far as any other way of affecting the marketing of grain—

Q. Explain that. I do not see why if you put your straight grades and tough and damp into public elevators alone—why will it interfere with your storage capacity? Why can you not fill them to the top? You would have twelve bins to hold them all, or eighteen—each of the six grades.—A. You have got oats, barley, rye and flax to consider.

Q. I am just dealing with wheats now?—A. You cannot deal with a terminal storage proposition at the head of the Lakes as dealing with wheat only, because the elevators there cannot deal with wheat alone.

Q. But you have elevators with 400 or 500 bins?—A. No sir. I think there is only one terminal down there that has 500 bins in it, and that is our own. We have 512 bins in our elevator.

*By Mr. Coote:*

Q. Do you do mixing in the elevator? I understood that it was mixed as it was going out on the belt?—A. There is some of it mixed on the belt going out, and there is some of it binned together on going in.

Q. But there is nothing to interfere with the full storage capacity of the elevator if you were prevented from mixing?—A. That would interfere with the storage capacity of the elevators at the head of the Lakes, and I think that that would be a very, very serious thing. It might be a more serious thing than any of us realize in the fall, if we got our elevators plugged. If we got our elevators plugged in the fall, we would find that out.

*By Mr. Donnelly:*

Q. You will have to give us an example of why you cannot fill Bin No. 1 to the top and Bin No. 2 to the top, and so on through?—A. You have several hundred grades that have to be binned somewhere.

Q. I am only speaking of the straight grades. Suppose you put your six straight grades into your elevator as six straight grades, and allow the Toughs and Damps to go into the grades the inspectors think they ought to go into. Then you take your off grades, your Toughs and Rejected, treat them and make three treated grades or conditioned grades, and put all sorts of them into Three and make only Three out of the lot, I do not see how that is going to interfere with your storage capacity at all?—A. Well, I think it would interfere with it considerably. No terminal can operate on these grades alone. You have your grain handling built up on this basis; you have several hundred country elevators and terminals operated as you have this terminal; it is all one unit. The only way you can handle grain at the minimum cost to the producer is to fill the unit from the country elevators up to and including the terminal as one unit used to its maximum efficiency and capacity both in handling and storing. The only way you can do that is to have a grain handling company allowed to use their terminal to handle all the grain they gather in the country.

*By Hon. Mr. Motherwell:*

Q. What year was that big terminal completed?—A. It was completed in 1928, we started to build it in 1927.

[Mr. J. R. Murray.]



*By Mr. Donnelly:*

Q. I do not yet see how that comes in. We had, as we say here, out of the whole crop in 1926 about six million bushels of rejected grades, and that would be the only portion you would not be allowed to handle. You would have a certain proportion of that, probably a million bushels, perhaps not that much, to mix. You said you could not carry on business. I want to know why.—A. I did not say that we could not carry on business. But the grain business, with the margin it is handled on and the competitive basis it is handled on, I think the company that has facilities like this, that is gathering grain under the keenest competitive conditions in the country, are entitled to fair consideration, and that all aspects of the case should be fairly considered before steps are taken to deprive them of handling any of that commodity they can get a fair earning upon.

Q. Is that not the whole thing, that you would lose the profits you would make out of mixing?—A. That is not the whole thing. If mixing were stopped by law tomorrow, and we were to work operate as a public, we would not start and chase these grades off to other terminals; we would go to work and handle every car that came from our elevators until we got plugged. That is the way we would operate. When it comes to the selling of that grain, there would unquestionably be difficulty in selling it, if you had 600 grades in crops like 1926 and 1927. We had grades with less than 5,000 bushels, and 700 or 800 where the total quantity for the year was less than 50,000 bushels. You are going to have to find a market for that somewhere, and the market would be in mixing elevators across the line.

*By Mr. Coote:*

Q. Tell us what these hundreds of grades are?—A. I cannot give you a list of those grades.

Q. I am not asking you to. Are they rejected because they are mixed grades?—A. Yes. All kinds of them are mixed grains. Mr. Fraser can give it to you better. He has it on the tip of his tongue. He knows them better than I do.

Q. I understood you to say that there are grades of barley, wheat, oats, and wild oats, and they are graded that way because of the amounts of the different grains that are in them. But is it necessary that each one of those should find a special bin by itself, or a separate bin?—A. Yes, sir, in public terminals.

Q. Surely grain that is mixed, that consists of a mixture of four kinds, when it is so badly mixed, is not entitled to have a separate bin?—A. The man who grows it thinks so. The man who grows it wants it separated. The man who grows it if he has not that facility is going to be heard from, certainly.

*By Hon. Mr. Motherwell:*

Q. Rejected for barley, rye, ragweed and such like, do they not all go together now; if they are going to be handled in public terminals, they would have to be binned separately? Does not the inspector recognize the right of these to go together, these four rejecteds together? The same principle would apply to others?—A. One mixed grain does not go together. Two mixed grain is kept separate from the one.

*By Mr. Coote:*

Q. Can you not separate wheat from barley?—A. It depends upon the type of barley; you can some samples, you can make a fair job of it.

*By an Honourable Member:*

Q. Can you give us some examples?—A. I have seen samples in which it could be done, and in others it could not possibly be done.

[Mr. J. R. Murray.]

*By Mr. Coote:*

Q. Would they constitute a large part of the rejected grades which make it necessary for you to have so many bins?—A. Not a large part, no.

Q. Can you give the Committee some idea of the grades that take up the majority of your bins, that is outside of the straight grades and the Toughs and Damps?—A. I think a similar question was asked of Mr. Fraser, when he was on the stand. I am not sure but I would be surprised if he were not asked to give a list of the grades. He has been for years dealing with grades. I admit frankly that I have never tried to impress upon my mind all the different grades of grain there are and I cannot give them to you.

*By Mr. Vallance:*

Q. How do you store these off-grades as they come forward, do you mix them?—A. Yes, sometimes as they come, before we bin them.

*By Mr. Garland (Bow River):*

Q. You will admit that a mixture of mixed grain, wheat, oats, barley and rye coming down, a mixture with straight wheat does not help the quality of the straight wheat. Is it fair to mix straight wheat in with it for overseas shipment, when you admit that in the long run the price which is given overseas—A. I think I should say this, that my answer is on record, and I do not think I should take up too much time with long-winded replies.

*By Mr. Millar:*

Q. That will shorten it up, Mr. Murray. Assume that the off-grades, off-grade No. 1 after treatment will be a little poorer than straight grade 1 and that off-grade Feed would be a little poorer than straight grade Feed, the spread in the grades after they are treated would not be any greater than in the straight grades, as between the poorest and the best of the grades?—A. I do not think I quite follow you, Mr. Millar.

Q. Would the spread, after these off-grades are all treated and ready for market, would the spread between the poorest and the best be any greater than the spread between the poorest and the best of the straight grades?—A. I do not think so.

Q. After being treated, could they be classified into seven grades as the straight wheat is, and just have a reasonable spread between them; could they be classified into seven grades?—A. You mean all the off-grades of wheat?

*By Hon. Mr. Motherwell:*

Q. Say six, one for each straight grade.—A. I have the question now, that you take all the off-grades of wheat, and after treating them, cleaning them and doing the best you can with them, that you would have seven of those grades? I have never thought about that.

Q. I beg your pardon?—A. I have never thought about that; I have never given it consideration.

Mr. MILLAR: I do not mean to include the white wheat.

Mr. DONNELLY: Nor damps, nor toughs.

Hon. Mr. MOTHERWELL: There is supposed to be about fifty off-grades for every straight grade.

WITNESS: I would not want to answer that question just off hand. Mr. Millar, I do not want to dodge your question, but that is a pretty big and serious problem. I think I will have to talk with some men in the Inspection Department and some men in the grain business before I answer that.

[Mr. J. R. Murray.]

*By Mr. Donnelly:*

Q. That was the question I had in mind, that we put the damp and toughs, and then the off-grades.

Mr. MILLAR: I would not press for an answer until you consider it.

The WITNESS: There is a lot involved in that. A person might answer on the spur of the moment and then want to change it after he considered it for a week.

*By Mr. Coote:*

Q. Mr. Chairman, I would suggest that the witness was interrupted before he finished answering as to the different off-grades that they would find difficulty in handling in mixing.—A. I would ask you, Mr. Coote, to pardon me. That would vary a lot in different crops, as to what they would be; but—

Q. Before you go any further, may I say that this is one of the difficulties which has been pointed out to us. An opinion has been given to us that it would be impossible to get anything like the value for these grains that they are entitled to if you were not allowed to take them into your terminal at Port Arthur. Now if you can give the Committee any better idea of just what difficulty you would face in handling those grades and what they are, and whether they are the kinds of grades that we should consider to any great extent the farmer who is producing them, it may help us. If you can give us any assistance as to what consideration we should give to those grades, it might be useful.—A. I might go back. It is a great many years, but that has just occurred to me, there was a time when there were a few elevators known as hospital elevators operating. Now, there were a great many off-grades then, and there were men in the shipping business in Winnipeg who had no terminals and we depended for our market for those off-grades on those few buyers; I would say there were half-a-dozen of them who made a practice of buying all this kind of stuff. They bought in the public terminals and they loaded it in sample lots and shipped it across the lake, and they disposed of it some place in the United States; I do not know where. It probably found its way to the European market. At that time I was selling grain on the Exchange, and I know that continually I had this feeling on my mind, and it was justified, that they had me just where they wanted me in connection with that grain. They bought that stuff just at their own price.

Q. How is it sold to-day? Supposing a car comes to you which is rejected for smut, on what basis is the spread, what determines that spread, and then what is the spread and who are the buyers?—A. The company operating our terminal is certainly a buyer for any smutty grain we have coming along to us, at any price, up to within a fraction of a cent of profit that may be left after washing and handling it in our terminal and treating it. Every private elevator is in the market for that kind of stuff. I do not think they are all equipped to handle it to the best advantage, but they are all in the market for it. There is a better market for it than there was.

Q. Will you tell us what the spread is?—A. I would rather not give the figure; I might be a cent or two cents out. I am not sure.

Q. Could you give us within three cents of it, I would like something approximate?—A. I would rather, if it would be satisfactory to the Committee, if the figure were looked up and put in there as a correct answer. I think seven cents would not be far out.

Q. That is really determined by the operators of the private terminals on their bids for rejected wheat?—A. It is determined by the competition there is on the market for any kind of stuff like that; and there is quite a lot of competition. That grain is mostly sold through a cash grain broker, who is an intermediary. You give him stuff to sell and he goes around among the buyers, but the buyers do not know who the seller is.

[Mr. J. R. Murray.]



Q. When you get a car-load of wheat down from the country, you sell it?—A. Everything of that kind which we get is sold through a broker. Of course, selling it for farmers, it is sold on commission, one cent commission on wheat, on the Winnipeg Exchange.

*By Mr. Donnelly:*

Q. All these six million bushels which have been treated and put into condition would be sold and shipped, I suppose, under American Sea-Board Certificates?—A. I think there is more than six million bushels which has to be treated.

*By Mr. Coote:*

Q. Will you buy off-grades which are offered?—A. Yes, we will buy anything which is offered, as it comes along.

Q. Something which is rejected for rye?—A. Yes.

Q. How would you handle such a car?—A. That would depend upon the sample in that car.

Q. Where would that car finally go out?—A. It would depend upon the sample of the car. You might have one car of tough, smutty, 3 Northern, rejected for rye, and you might have another car entirely different of the same grade.

Q. How would you handle that?—A. I would not attempt to tell you how that would be handled in a terminal.

Q. Have you had much experience in a terminal?—A. Not working in a terminal with my overalls on more than a few days at a time, to see what I could learn there, but I have been backward and forward there, and never used to go less than once a week, back to 1914.

Q. I gathered the impression from the evidence which you gave here to-day, that you were pretty familiar with the operation of a private terminal?—A. I did not claim to be.

Q. I am surprised now when you say that you were not familiar?—A. I did not say I was not familiar, sir, if you will excuse me. I said I did not do the actual work of handling the grain in the terminal. I think there is a distinct difference.

Q. Alright, we will accept the distinction. Can you tell the Committee just where that grain would go out, or where might it go out?—A. The best answer I can give on that, is that it depends on the sample.

Q. I am suggesting that you imagine a sample of any kind you like, which might be graded in that way, and tell us where would that go?—A. If you take tough, smutty, rejected, on account of being mixed with rye, you might wash it first and get the smut off, and when you dried it, to dry off the water that had been added to it in washing it, you might dry it down to where it would not be tough any longer; and when you would have rejected 3 Northern mixed with rye; and you might put it out in 3 Northern.

*By Mr. Bancroft:*

Q. You would get rid of the smut?—A. Yes. I think the effect of putting any wheat through the smut-washer is to hurt the colour more than anything else. I do not know from having milled or baked any grain which has been put through the smut washer, but I am told it is not hurt. It is not in the water more than a few seconds; it just goes through with a swish.

*By Mr. Coote:*

Q. With regard to, say, damp wheat which has been dried, if the Committee decide that in their opinion that grain should not be eligible for a straight

[Mr. J. R. Murray.]

grade afterwards but must be sold as dried wheat, do you think it would be difficult to sell?—A. Yes, it would be difficult to sell it for the same price as straight grade, because you would put that tag on it and would be advertising to the world that you are willing to take less for it than for the straight grade.

*By Hon. Mr. Motherwell:*

Q. There would be some cost?—A. Yes, of the shrinkage and drying.

*By Mr. Coote:*

Q. If it is to be sold as dried 3 Northern, and its value is quite equal to 3 Northern which has not been dried, that is straight 3 Northern, it would simply, I suppose, be for the Committee to decide whether the wheat will bring in the Old Country what it is intrinsically worth to the miller in spite of the distinctive tag which it would bear.—A. Yes sir. My opinion is that that tag would make it sell for less. I know it is for the Committee to decide, and not for me. There is right in the summary of this report from the National Research Council, on the very first page, No. 3:

Tests of commercially dried samples furnished evidence that wheat can be dried without injury in any of the four makes of commercial dryers studied.

*By Mr. Lucas:*

Q. Do you get much smutty wheat at the present time?—A. No, I do not know what quantity of smutty wheat we have unloaded this year, but it is not a big lot.

Q. Are you getting as much now as you were getting a few years ago?—A. I am inclined to think we are not, in the spring wheat,—not as much in proportion to the volume of the crop.

Q. What percentage of smut would wheat contain before you would treat it by washing it?—A. Any wheat which is smutty at all, we put through our washer. Am I correct in stating,—Mr. Fraser is there and will tell me if I am wrong,—am I correct in saying that wheat which is tagged at all, be it ever so slightly, if it shows any evidence of smut at all, is graded as smutty?

Mr. FRASER: Yes.

The WITNESS: That is what I thought, and we never take any chance on that but wash it all.

*By Mr. Coote:*

Q. That is rather strange, when we had a witness here who told us that practically no smutty wheat was washed now.—A. If you will pardon me, I referred to that before. He said it was not done at all. The only thing that I can say is that he did not know what he was talking about. We have the smut-washer there, we bought it, and we use it all the time.

Q. I wanted to ask your opinion on this point: I think it was three or four years ago, when the Grain Act was amended, there was a section put in which said that the outturn from private terminals must be equal to the average passing the initial inspection point. If that were inserted in the Grain Act at the present time, would it create any insuperable difficulty for you in the operation of your private terminal?—A. Did I understand the first part of your question to be a statement that that was put in the Act?

Q. It was put in the Act in the House of Commons. The Senate threw it out. But if it should be put in the Act and become law, would it create any insuperable difficulty for your terminal?—A. Well, I would rather operate on the basis of the 75/25 standard. May I answer it in that way?

[Mr. J. R. Murray.]

Q. I can quite see why you would. But the House of Commons put that in the Act when it was revised the last time. The Senate threw it out; and it is just within the range of possibilities, of course, that the House of Commons might try it again, and I am anxious to have your opinion about it.—A. I think the fair answer would be that if that did become law we would do our best to operate under it. I do not know what the result would be. I would be better able to tell that at the end of a year; but we certainly would try to operate under it and put the stuff out right as the inspector demanded it, according to the law.

Q. That is a thing, I think, which would be highly satisfactory to the farmer. He would like to think that the outturn at Fort William, which he presumes gets to the Old Country buyer, would be the same as the average which he delivers.—A. Of course, there is this that I think would be worth while to bear in mind: you have two ends to this thing, the grading of grain and the marketing of it. You have thousands of farmers out in the west. They do not all think alike on it; they are far from thinking alike on it. I know I have had to do my best to satisfy them in the little bit of business that we have done for them in a great many years, and we have had all kinds of opinions and complaints in twenty years; and I know that they do not all think alike.

I want to go back a step. At the present time, you have this unquestionably, that a lot of cars come down and they are taken into the terminals, and they are not up to the standard that they are graded. I want Mr. Fraser to hear that. I say that at the present time there are quite a lot of cars that come down, and they are taken into the terminals without complaints on the part of the terminals, that are not up to the standard of the grade given to them by the Inspection Department. Now, I find no fault with that. Mr. Fraser, I think, has told you in his evidence that his instructions to his inspectors are to give the sample the benefit of the doubt, and that means that some of that under the minimum sample gets in. The pressure is on Mr. Fraser and his assistants all the time from the country to be not so hard on these samples. Now, terminal elevators—I do not care who owns them, whether we do, or the pool, or the trade—if they are working to a certain standard going out, which standard is slightly less than the composite sample, they can stand for a certain amount of that grain and say nothing about it, but if you raise that standard up too high you are going to get a back pressure that will work back to the country.

Q. Mr. Murray, in my suggestion, the outturn for terminals is simply going to be made up of the average for all grades that come down and go into the terminals, so that if the inspectors were a little easy in allowing some of these grades to get into the grade that you think is a little too high for them that would be reflected in the average which is sent down from Winnipeg to be your standard outturn?—A. I do not know that it would be truly reflected; I rather doubt it. I wonder if a part of every car that is samples is put into that average sample.

Q. We could easily arrange that it would be.

The WITNESS: Is a part of every car of any grade that is sampled in Winnipeg put into your average sample, Mr. Fraser?

Mr. FRASER: It is supposed to, Mr. Murray.

The WITNESS: Of every car?

Mr. FRASER: Those are the instructions given to the deputy inspectors.

The WITNESS: Well, when you are inspecting 2,500 or 3,000 a day does some of every one go into that sample?

Mr. FRASER: Outside of the off grades, the straight grades from 1 to 6, or to feed.



Mr. GARLAND (Bow River): What about this question of your inspectors falling down on straight grades?

Mr. FRASER: There is no question but that our deputies overgrade.

The WITNESS: I think you are absolutely right, Mr. Fraser, and I think that any human being in this world, in the same place, with the same pressure, would do the same thing.

Hon. Mr. MOTHERWELL: The same pressure is exercised at the head of the lakes too to get it past the inspector.

The WITNESS: I would prefer to operate without trying to exercise any pressure.

Hon. Mr. MOTHERWELL: Keep safely away from the danger line.

Mr. GARLAND (Bow River): I wonder if Mr. Motherwell means that the pressure at the terminals is probably just as great as the pressure from the farmers?

The WITNESS: If he does, I would say that he has not been in the position of being the fellow in the middle who is being squeezed or he would know it is not right. The pressure is stronger from the country, there is no question about that. We have in our Commission Department, and every firm has the same thing, men over there checking every one of those cars that go past for us, and they have one object in mind, and that is, to get the grade raised or dockage lowered. A statement comes to my desk every month showing the results, showing how much they have got the grades raised, and they are judged on their work by the dollars and cents that they have got year after year, and if the man in charge of that, who is a qualified inspector, could not show, that on the first inspection given by the government inspectors, at the end of the year he had got thousands of dollars for our shippers, some of it our own grain coming from our country elevators, by getting Mr. Fraser and his deputies to raise the grade, he would not stay on the job.

*By Mr. Coote:*

Q. That looks like a good deal of pressure all right. I have a letter that I received a few days ago from a producer of wheat, who suggested that it was not the proper practice which is now carried on under the regulation of the Board in large terminal elevators to take off the dockage, I think, up to two per cent as their own and make no cleaning charge for the grain. Do you know enough about the operation of your terminal at Port Arthur to know that that is a source of profit, whether it would be fair to make a charge for the cleaning of grain that carries a dockage over the one per cent, I think, that is allowed and return that dockage to the producer?—A. That is not a new question at all. That came up first, I think, about twelve years ago under the guise of a cash tariff, advocated strongly by some one or two people in the grain business at the head of the lakes for various reasons best known to themselves. It was threshed out very thoroughly throughout the west. I remember once a pretty full discussion of it at a U. F. Convention at Edmonton, I think perhaps Mr. Garland will remember it. I think our company put out a pamphlet in regard to it. As a matter of fact, I think I contributed to it. Whether that would pay the grower or not over a period of years depends on the price at which screenings can be sold. With screenings at the price they are now, and have been, I think, most of the time, for the past few years anyway, it would not be profitable to do it.

Q. Would it not have been in the nature of screenings?—A. Those screenings would, for the most part,—well, they would altogether be the average run of elevator screenings that contained some seeds, or might have some wild oats, cracked wheat, or perhaps some other matter that the inspector decided was

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screenings. But it is impossible to keep separate the screenings from the one individual car. You might have a car docked two per cent, and your screenings might be much better than Mr. Bancroft's screenings, but they cannot be kept separate and sold. They have got to go into the general run of elevator screenings. If you take a car of a thousand bushels and you charge a man half a cent a bushel, as you would be entitled to, for cleaning it, five dollars is charged him. Two per cent of sixty thousand pounds, which would be twelve hundred pounds of screenings you would have to sell for him. Let us take screenings at \$8 per ton which is a high price, and much above the general average over a period of years; he would get twelve hundred pounds, \$4.80, and he would pay \$5 for his cleaning. Now, it is a very close thing. Some years, with a very high price for screenings, it would pay; other years it would not.

Q. In this case, I think it was practically all cracked wheat. I suppose that was the reason the farmer thought he should have his dockage returned to him?

—A. He would have to take the average run of elevator screenings.

Q. Should not the Weighmaster's certificate in the case of special bin grain be returned to the shipper of that car?—A. The weigh certificate?

Q. Yes. You return him the grade certificate for special bin grain, why not the weight certificate?—A. I think we would return the weight certificate to any man who asked for it.

Q. I never knew one to be returned in my experience?—A. Well, of course, the country elevator is guaranteeing the weight of the tickets issued to each farmer they special bin for. Having guaranteed that weight I think their contract in regard to weights is finished.

Q. Well, that would be your answer, that he should get his weight certificate back—A. I think I would send him back his weight certificate at any time he asked for it if he wants it back.

Q. If, for instance, a farmer sends in 1,500 bushels, and the weight comes out in a car containing 2,000 bushels; if that is done, certainly the identity of his grain has not been preserved. At any rate, he would have some idea whether the identity of his grain was preserved if the weight certificate was given to him?—A. My answer to that, sir, would be this, that if a farmer is so neglectful of his own special bin business, and is so little interested in it in regard to the elevator agent that he delivers it to, that is in regard to knowing something about the shipping of it, that he must depend on that outturn weight to find out whether it has been special binned or not, he is very neglectful of his business.

*By Mr. Garland (Bow River):*

Q. I think you know from your practical experience that it is impossible for the farmer who has specially binned his wheat and given instructions to ship to be there; he cannot always be in when the car is ready, or when a car is loaded, even if he were notified by the agent, something that is not the practice. As Mr. Coote suggested, do you not think it would be a fairly good checkup in maintaining the identity of his car if he were to receive the weight certificate back?—A. I think, Mr. Garland, he can get the checkup very easily. He does not have to be in there when his car is loaded. But if he has fourteen hundred bushels of wheat loaded into a two thousand bushel car by the agent he knows the capacity of the car as well as the agent. He can raise the question. He can find out. The car number will tell him the size of the car. But beyond that there is the question of the sample and the sample box.

Q. That is an absolute and an utter farce.—A. I do not agree with that statement. It may be at some points, but it is not at all. I know that our agents have instructions—and they are meant to be carried out—that they must keep that sample, and a proper one. If we get a complaint from a farmer

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that the identity of his specially binned grain has not been preserved, and that agent cannot produce the sample of that grain, he is not going to do that a second time and get away with it.

Q. That does not get away from the fact that in the majority of cases the sample boxes used to-day are useless for their purpose. They are so easily tampered with. This is not a question of criticism of the United Grain Growers, as I feel satisfied that they have given excellent service in that regard, but the fact is that complaints have been brought before the Brown Commission on a number of occasions. It is quite possible that the modern sample box in the general run of the trade business is not as useful for its professed purpose as it might be.—A. I think the suggestion that the inspectors working under the Board of Grain Commissioners and located in the three provinces were travelling around, should receive these complaints and look into them, would have a helpful effect in regard to matters of that kind. Then there is this, of course—and you know this just as well or better than I do—that there is a very wide choice now at the majority of country points available to the farmer as to which agent or elevator company he will deal with, and if he does not trust the man with whom he is dealing, there are three or four and sometimes six other fellows just dying to get him to give them a chance to handle his stuff, and to show him how well they can do it.

Mr. COOTE: That can be questioned, because as a rule it is a case of getting your grain into any elevator you can, and you take the first elevator which will give you any space. I had an experience myself where I went to an elevator to get my sample box, and the agent said, "I am sorry, George, but I have emptied your box", and I said, "You are supposed to keep my box intact until I get the returns from my grain, and you know perfectly well that I have not got the returns from my grain yet." He said, "I did not have enough sample boxes, and I had to empty yours to get one for somebody else." That happened to be in the United Grain Growers' elevator because I have never patronized any other. I knew him well enough to call him "Mac" and he called me by my first name; we were good friends. I felt put out that the sample had not been preserved. I do not think it was over two weeks, so all I did was to mention it to the Calgary office when I went in, saying that they should send some more sample boxes down there. I want to assure you that there are many things going on in the country which the head salesman is not familiar with.

WITNESS: I know perfectly well that a person in the office cannot be fully conversant with all the details. As far as we are concerned, it will not take us long to rectify any mistakes we make, and we can make them in the office as well as any place else.

*By Mr. Coote:*

Q. Should not your travelling inspector see that there are sufficient sample boxes so that the agent will not have to empty one to get a box for somebody else?—A. We may have thought we had enough boxes at a point, and found that the rush of business exceeded our expectations, and we suddenly found that we were short. That might happen.

Q. You suggested that there were always half a dozen men that the farmer could pick from.—A. Not always, but quite often three or four or five.

The ACTING CHAIRMAN: I think we are wandering away from the subject for which we brought Mr. Murray here. I think we should get back to the question of mixing or to some related question.

[Mr. J. R. Murray.]



*By Mr. Young (Weyburn):*

Q. Could this happen: that an English miller buying 1, 2 or 3 Northern which had been through the mixing house would find it necessary to unscramble the mixture before he could mill it and take something out of it that you put in?—A. I do not think that that would be necessary.

*By Hon. Mr. Motherwell:*

Q. He does not grind the barley with the wheat, nor the rye with the wheat, nor the screenings with the wheat?—A. Well, it is not quite as bad as that. Your remark might not make the same impression on everybody, but the impression I get from it is that it is terrible stuff, and I do not think he is getting anything like that.

*By Mr. Garland (Bow River):*

Q. I thought Mr. Motherwell's statement was already answered in the evidence given by Mr. Murray who stated that the basis of mixing was the absolute cleaning of the wheat. There would be no mixture in it then—they would wash all the smut out.

Hon. Mr. MOTHERWELL: They would put it back in again.

Mr. GARLAND: Do they?

The WITNESS: No sir. We would never take the bother of cleaning it out if we were going to put it back in. We would leave it in in the first place.

*By Mr. Garland (Bow River):*

Q. That is the practice in your terminals. You know the public practice, absolute cleaning, and you do not mix back any of the clean grain again?—A. Cleaned from screenings you mean?

Yes sir.

*By Mr. Young (Weyburn):*

Q. Do you ever work any Durum wheat into it?—A. Yes, probably a little.

Q. Would that not have to be taken out?—A. No sir. There is Durum wheat in the 3 Northern that comes from the country, and if every terminal elevator were public there would be Durum going out in some of the 3, 4 and 5 Northern.

*By Mr. Coote:*

Q. Is there not enough coming in without putting in more of the Durum? That is the question here. You say that there is Durum wheat in the 3 Northern coming in?—A. Yes sir.

Q. Is that not plenty to have to take out without running more Durum in wherever they can?—A. I would say this, that if that sample which you send to the buyers calls for there being a percentage of Durum in it, and you were sending him some of the cargoes with that percentage of Durum in it, you might as well send him all of it with that percentage in, because he would not give you one small fraction of a cent more for the cargo which has not got that small percentage in, and it will help you to market your Durum.

*By Mr. Coote:*

Q. I do not think Durum should be marketed in the Northern. We have established a grade in the Act, and every bushel that comes in as Durum should go out as Durum. There is no place for it in the Northern wheat, and the man who is growing Northern cannot see it.—A. Yes, but there is so little put in that it is not noticeable. I do not know what the result will be, but I would like to see the milling test made of a cargo going out of a private mixing elevator and out of a public elevator.

*By Hon. Mr. Motherwell:*

Q. We do not consider that there are public terminals now?—A. There are two belonging to the Saskatchewan Pool which have handled over 60,000,000 bushels this year.

Q. Because there is no mixing privileges in them?—A. That grain has not been skimmed; that is not the poor grain going into these terminals. I do not think you were here when I was dealing with the question of skimming. An official of that organization appeared and stated that skimming was being done by the private elevators; they were taking the high of the grade and letting the low go to the public, and I stated—and I think demonstrated—that that was not the case. As far as we were concerned, and in the case of other private elevators the same as ours, they wanted every car they could get, good, bad and indifferent in their terminals. That is what their terminals were for, and if skimming were being done which Mr. Sproule stated was being done, it must be by his own organization which had the private elevators, and the public, and I want to state that in spite of Mr. Sproule's statement I do not believe they were doing it at their own terminals. I said that I thought he was mistaken, and I think so yet.

*By Mr. Coote:*

Q. Supposing your elevator was not big enough to handle all your wheat, and you had a few thousand bushels coming down there every week which you could not possibly handle in your own terminals, would it not be the natural thing for you to think, if you were making money, you would have the poorer grades go to the public terminals and take the best for your own?—A. If we had a few like that extra we would not bother to do any picking.

Q. Supposing 25 per cent could not go through your own terminal?—A. Then we would build a new terminal.

Q. But while you were building it?—A. We would probably plan ahead so that we would have it in time. The one we have now will take care of us for quite a while.

Q. There is a government terminal at Port Arthur which handled quite a few million bushels, and they must have got it from some of the country elevators?—A. Yes, got some surplus; they may have got some of the pool surplus.

Q. I suppose that they got it from the private terminals not big enough to handle all their business?—A. Yes.

Hon. Mr. MALCOLM: I think it is fair to state here that Mr. Hetherington, who is willing to come and give evidence, has sent a statement which I want put on the record, and which shows that previous statements made before the Brown Commission to the effect that the government terminals at Port Arthur were used as a garbage can, are not correct. He has sent a statement to show that the government terminals at Port Arthur handled as high a percentage of the higher grades of wheat as any terminals at the head of the lakes. I submit the statement to show that you cannot take as gospel everything that has been submitted to the Brown Commission, or probably to this Committee. Mr. Hetherington will come before this Committee and substantiate his statement. He also says that the grades he received were not skimmed grades, but were the average run of cars for storage. I do not believe the average out of the Government public terminal at Port Arthur was different from the average of grades which come to the head of the lakes.

Hon. Mr. MOTHERWELL: Do you know whether it was mixed?

Hon. Mr. MALCOLM: I do not, but according to Mr. Hetherington it was a fair average sample.

WITNESS: The way that would happen would be that cars would accumulate at other terminal sidings until the railways said they had enough and would switch some to the Government.

[Mr. J. R. Murray.]

*By Mr Coote:*

Q. You are not familiar with the outturn at the government elevator; you do not know what it looks like?—A. No.

Q. Do you know whether it is equal to the average at the inspection point, at Winnipeg, say?—A. I have no idea.

The ACTING CHAIRMAN: Gentlemen, we have had a pretty long session; Mr. Murray has had a pretty long session, and it is about time we adjourned.

Hon. Mr. MOTHERWELL: Call it a day.

Mr. COOTE: I would suggest, Mr. Chairman, that we extend our thanks to Mr. Murray for coming here and giving his evidence.

Hon. Mr. MALCOLM: There is just one question which I would like to put to Mr. Crerar. We had some difficulty in connection with the ticket. Mr. Crerar's company does not use a ticket on which the words were printed "for account of the pool". His company stamped across the face of the ticket that it was pool grain in the same way as the pool stamped across the ticket that it was non-pool grain. I think it was stated that it was a matter of conscience in accounting. I want to ask Mr. Crerar if in his opinion it mattered for convenience in accounting whether any words were placed on this ticket or not. The United Grain Company are handling grain for the pool and making payments to pool members, and in order to distinguish that grain they stamp "Pool grain" across the face of the ticket. You put that on for some purpose?—A. The purpose is to identify it as pool grain.

Hon. Mr. MALCOLM: Only for the purpose of identification.

Mr. CRERAR: Only.

Hon. Mr. MALCOLM: Suppose that ticket had nothing stamped across the face of it, no mark of identification; could you select the tickets out from the general run of tickets, and tell which were pool tickets?

Mr. CRERAR: No.

WITNESS: It would be a terrific job. In the fall these tickets are coming into the offices at Calgary and Winnipeg in thousands every day, and there is one thing in the grain offices, everything must be done every night, nothing left over until to-morrow, even if you stay until 12, 1 or 2 o'clock in the morning, and anything that would ball you up would be terrible. We use a big stamp to designate that which is pool and that which is not pool.

Q. The Act says that the tickets shall prescribe a certain form, therefore the addition of any words is really a breach of the Act. I think the Committee is anxious to make some satisfactory suggestion to the House as to how this can be overcome. If it is purely for the purposes of identification, would a different coloured ticket with the same words on it be satisfactory to you for accounting purposes?—A. Yes, I would think so, I do not see why not.

Q. Or a red bar across the ticket. All you want is some identification that the grain is not your grain.—A. I would rather have it stamped "Pool" in big letters than any other identification.

Q. Why would it be better than if the ticket were red or green?—A. Well, agents, clerks and other people can get mixed up on colours, and a man might start using his non-pool ticket for his pool grain, or vice versa.

Q. It is rather a vital point for the Committee to decide. It has been held that the printing of a word on the face of the ticket other than that prescribed by the Act is a violation of the Act. That has been held, and probably it has been rightly held.

WITNESS: We use a rubber stamp.

Hon. Mr. MALCOLM: Now, whether you print the words "For or On Account of the Western Wheat Pool" or stamp on the face of it the word "Pool" makes no

[Mr. J. R. Murray.]



difference to me. It is a violation of the Act?—A. It makes no difference whether it is written or printed. So that the Committee must recommend to Parliament in dealing with this question of the hybrid ticket, one of two things, either that the Act continue as it is, with only one form of ticket as prescribed therein, or provision must be made for printing some words on it where the pool handles non-pool grain and where the line elevators handle pool grain. If the Act is wrong, we should suggest legislation to correct it. The suggestion has been made that if it is purely for accounting purposes the Act can be followed as it is, and a different coloured ticket used. Why would a different coloured ticket not meet all the needs of the situation without a violation of the Act?—A. I think it would, but knowing the fallibility of the human being, I would rather use the stamp.

Q. But you admit that it violates the strict interpretation of the Act?

Mr. CRERAR: Could provision not be made in the Act for the stamping of these words "Pool" or "Non-Pool" for identification purposes?

Hon. Mr. MALCOLM: Yes, provision could be made.

Mr. CRERAR: The only danger I see is that if the elevator man taking in grain from pool farmers and non-pool farmers has a pink ticket for the pool and a green ticket for the non-pool farmers he may in the rush of the season inadvertently use the wrong ticket. That is a danger I see.

Mr. GARLAND (*Bow River*): After hearing Mr. Murray's statement as to the difficulty which they would have in distinguishing the red and the green, we know we have had difficulty in grading our wheat, and some agents might be colour-blind too. Would it not be true, gentlemen, whether the Committee or the House decides to permit the stamping of the word "Pool" on the ticket, or to provide for the identification of wheat taken in for the Pool under a green slip or a red slip or a bar, we would still be up against the same problem, that is that the lawyers for the Pool would still claim that the acceptance of this ticket is an acknowledgment that it has been delivered on account of the Pool and so their rights would be lost, unless the Act permitting the use of this ticket stated in terms that would be beyond legal question, that this in no way was to be understood as taking away from the grower his rights under the Act. Do you not think that would be necessary?

WITNESS: Do not ask me to answer for what the lawyers might say. I think, as far as we are concerned, that if they decide in their wisdom that a different coloured ticket should be used, we would be willing to work under that, and if they decided some other way, we would work under that.

Mr. GARLAND (*Bow River*): You have your bin ticket and your storage grade ticket?

WITNESS: Yes. One has printed on it "Special Bin" and the other has printed on it "Graded".

Mr. GARLAND (*Bow River*): As between printing the words "Special Bin" or "Storage Grain", and the colour, it makes it easier for the man to distinguish the tickets?

WITNESS: I think probably the colour.

Mr. BANCROFT: The printing is a check?

WITNESS: Yes. I understand the Committee is through with me, and that I can go home?

The CHAIRMAN: Yes. The Committee will adjourn until Monday morning at 11 o'clock.

The Witness retired.

The Committee adjourned until Monday morning at 11 o'clock, May 13th, 1929.

HOUSE OF COMMONS,

MONDAY, May 13, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Gentlemen, I understand that our witnesses are not here this morning. Mr. MacLeod an official of the Pools is here, and he might explain, if he would, what has happened to the witnesses.

Mr. MacLEOD: Mr. Chairman and gentlemen, I have already apologized to Mr. Kay and have been properly rebuked for our failure to have the witnesses here as we expected. I am sorry that Mr. Bennett, from Vancouver was held a day longer than he expected by the Grain Inquiry Commission. He was appearing there as a witness, and it was impossible for him to be here this morning without leaving the Committee before they were through. Mr. McIvor, our Sales Manager, also expected to be here this morning, but the Board decided to have him stay in Winnipeg to-day and to-morrow; but he will be here the latter part of the week. Mr. Bennett will be here to-morrow morning, with Mr. McCallum, our Saskatchewan Pool Superintendent at Fort William. Mr. Paul Brett will also be here and at the Committee's service at any time you wish to hear him. He and Professor Harrison of the Manitoba Agricultural College, were sent over to the Old Country last February to investigate the barley marketing situation. They spent some months over there, in the Old Country and on the Continent, and they are very anxious that before any report is made by the Committee on agriculture regarding the barley grades, which were submitted early in the season by Professor Harrison, and which Mr. Fraser had previously endorsed, that they be gone over in the light of the information secured. There are some suggestions that that Committee is anxious to bring before your Committee here, in regard to grades proposed and a new grade which they consider is absolutely necessary if we are to maintain our present market for barley.

These other gentlemen will be here, with the exception of Mr. McIvor, to-morrow morning, and will be at the Committee's service.

*By Mr. Vallance:*

Q. Mr. Brett is not to be here to-morrow morning?

Mr. MacLEOD: No.

Mr. McMILLAN: Mr. Brett is not in the city yet?

Mr. MacLEOD: Mr. Brett is not in the city but he will be here to-morrow also.

Mr. MILLAR: Is it the wish of the Committee that Mr. Brett should be heard instead of Professor Harrison?

Mr. MacLEOD: It is very difficult for Professor Harrison to come, unless it is absolutely necessary. Mr. Brett was with Professor Harrison in the Old Country, and if it is necessary to have them both, Professor Harrison will come, but he has been away so long from the college that it is really difficult for him to come.

The CHAIRMAN: Professor Harrison is coming to-morrow.

Mr. MacLEOD: That is quite all right.

Mr. VALLANCE: Is there any other witness in the city we can call at this point?

The CHAIRMAN: I understand Mr. Hetherington is here. Mr. Hetherington was called for to-morrow.

Mr. GARLAND (Bow River): Mr. Chairman, it may not be fair to Mr. Hetherington to ask him to speak before the Committee to-day. He was invited to speak to-morrow. If he is ready, and if he has no objection, I see no reason why the Committee should not hear him now, but I think the Committee should find out whether he is ready to appear or not.

The CHAIRMAN: Are you ready to go on, Mr. Hetherington?

Mr. HETHERINGTON: I can go on, if you wish.

The CHAIRMAN: You were called for to-morrow. Other witnesses have failed to turn up.

Mr. HETHERINGTON: If it is the wish of the Committee, I am ready to proceed.

The CHAIRMAN: I think the Committee would like to hear you.

R. HETHERINGTON called and sworn.

The CHAIRMAN: Gentlemen, Mr. Hetherington is the General Manager of Government elevators. Mr. Hetherington is ready to answer any questions. He tells me that he has no statement to make. He was summoned here by the Committee.

Mr. BROWN: Perhaps Mr. Hetherington might tell us first the position he occupies.

The WITNESS: I am General Manager under the Board of Grain Commissioners of the Canadian Government elevators operated by the Department of Trade and Commerce. The elevators are situated at Port Arthur, Moose Jaw, Saskatoon, Calgary and Edmonton.

*By Mr. Brown:*

Q. All public elevators?—A. All public terminal elevators.

*By Mr. Millar:*

Q. I suppose you saw the evidence or read the evidence given by some witnesses before the Saskatchewan Grain Commission to the effect that the poorer cars of wheat were sent to the Government elevators; in fact they went so far as to use the term "garbage can"?—A. I saw that.

Q. I would like to hear your evidence on that point?—A. I have figures here that I think will prove to the Committee that that statement was uncalled for. I have statements here, Mr. Chairman, prepared in our own office, but for the purpose of verification they were checked with the records of the Inspection Department and the Statistical Department of the Board of Grain Commissioners. You will find them correct to the extent at any rate, of one-tenth of one per cent. These figures cover four crop years, and relate to the receipts of wheat by grades at the Canadian Government elevator at Port Arthur, showing the proportion of each grade to the total receipts. The first item is One, Two and Three Northern, for the crop year of 1925-26.

Grades	Percentage of total receipts	
1, 2 and 3 Northern .. .. .	28.4	
1, 2 and 3 Northern Tf. and Damp .. .. .	17.3	
	<hr/>	45.7
No. 4, 5, and 6 Feed .. .. .	5.1	
No. 4, 5, 6 and Feed Tf. and Damp .. .. .	5.5	
	<hr/>	10.6
1 CW to 4 CW Amber Durum .. .. .	16.0	
1 CW to 4 CW Amber Durum Tf. and Damp .. ..	5.1	
	<hr/>	21.0
		<hr/> 77.4

[Mr. R. Hetherington.]



That is the total of the grades which I have read out, 77.4 per cent of the total receipts for that year. (Continues reading):

Grades	Percentage of total receipts	
Rejected 1 Northern to No. 5 .. . . .	1.5	
Rejected Amber Durum .. . . .	2.4	
	<hr/>	3.9
<b>Smutty 1 Northern to No. 5 .. . . .</b>	<b>2.8</b>	
Smutty Amber Durum .. . . .	1.0	
	<hr/>	3.8
Red Durum, all grades .. . . .	.5	
Kota, all grades .. . . .	4.5	
	<hr/>	5.0
All other grades .. . . .	9.9	
	<hr/>	22.6
Making a total of .. . . .		100.00

For the crop year 1926-27 the figures are as follows:—

Grades	Percentage of total receipts	
1, 2 and 3 Northern .. . . .	18.5	
1, 2 and 3 Northern Tf. and Damp .. . . .	29.5	
	<hr/>	48.0
No. 4, 5, 6 and Feed .. . . .	9.9	
No. 4, 5, 6 and Feed Tf. and Damp .. . . .	7.0	
	<hr/>	16.9
1 CW to 4 CW Amber Durum.. . . .	1.6	
1 CW to 4 CW Amber Durum Tf. and Damp .. . . .	8.3	
	<hr/>	9.9
	<hr/>	74.8
Rejected 2 Northern, 3 Northern and No. 4 .. . . .	.1	
Rejected 2 CW to 4 CW Amber Durum .. . . .	.1	
	<hr/>	.2
Smutty 1 Northern to No. 5 .. . . .	1.1	
Smutty 2 CW and 3 CW Amber Durum .. . . .	.3	
	<hr/>	1.4
Red Durum, all grades .. . . .	.4	
Kota, all grades .. . . .	.9	
All other grades .. . . .	22.3	
	<hr/>	25.2
Making a total of.. . . .		100.00

Crop year 1927-28:—

Grades	Percentage of total receipts	
1, 2 and 3 Northern .. . . .	45.8	
1, 2 and 3 Northern Tf. and Damp .. . . .	13.7	
	<hr/>	59.5
No. 4, 5, 6 and Feed .. . . .	20.8	
No. 4, 5, 6 and Feed Tf. and Damp .. . . .	8.8	
	<hr/>	29.6
2 CW to 6 CW Amber Durum .. . . .	4.0	
2 CW to 5 CW Amber Durum Tf. and Damp .. . . .	1.9	
	<hr/>	5.9
	<hr/>	95.0
Rejected 2 Nor., 3 Nor., and No. 4 .. . . .	.2	
Rejected 2 CW to 4 CW Amber Durum .. . . .	.3	
	<hr/>	.5
Smutty 3 Northern to No. 5 .. . . .	.1	
Smutty 2 CW to 5 CW Amber Durum .. . . .	.3	
	<hr/>	.4
White Spring, all grades .. . . .	.8	
Kota, all grades .. . . .	.1	
Red Durum, all grades .. . . .	.1	
All other grades .. . . .	3.1	
	<hr/>	5.0
Making a total of.. . . .		100.00

For the crop year 1928-29, this takes in a period from August 1st, 1928, to April 23rd, 1929.

[Mr. R. Hetherington.]

*By Mr. McMillan:*

Q. In that respect, Mr. Hetherington, do you know how much of last year's wheat is in that; you say it takes in from August 1st, 1928 to April 23rd, 1929; what percentage of the 1926-27 crop is in that?—A. I could not tell you that. We do not know what is new crop and what is old crop, when we get it. This is just the receipts at the elevator as from August 1st, 1928.

Grades	Percentage of total receipts	
1, 2 and 3 Northern .. . . .	26.8	
1, 2 and 3 Northern Tf. and damp .. . . .	.4	27.2
No. 4, 5, 6 and Feed .. . . .	49.7	
No. 4, 5, 6 and Feed Tf. and Damp .. . . .	.9	50.6
1 CW to 6 CW Amber Durum .. . . .	13.6	
1 CW to 6 CW Amber Durum Tf. and Damp .. . . .	.3	13.9
Rejected 2 Northern to No. 6 .. . . .	.3	91.7
Rejected 1 CW to 3 CW Amber Durum.. . . .	.7	1.0
Smutty 2 Northern to No. 6 .. . . .	.5	
Smutty 2 CW to 6 CW Amber Durum .. . . .	1.5	2.0
Red Durum, all grades .. . . .	.2	
White Spring, all grades .. . . .	1.4	
All other grades .. . . .	3.7	8.3
Making a total in all.. . . .		100.00

*By Mr. Carmichael:*

Q. Does your statement apply to the Port Arthur elevator only?—A. To the Port Arthur elevator only I understand that that statement appearing in the press related only to Port Arthur.

*By Mr. Bancroft:*

Q. Do you know whether the grades you took in, from One to Three, happened to be near the bottom of those particular grades, or whether they would be an average of the grades?—A. I have no knowledge of that.

Q. I thought you might have some knowledge of that, from your out-turn?—A. I can only say we have had no difficulty in getting out our grain so far as grade was concerned; we have had occasionally to clean grain which they thought was sufficiently clean to go out, but so far as grades are concerned, I have had no complaint.

Q. You think the grain received at your elevator would be a fair average of the grade?—A. I think so.

*By Mr. Garland (Bow River):*

Q. Whether intentionally or not, an impression was left on the Committee by previous witnesses that there was the possibility of mixing in the public elevators; would you care to make a statement on that point? Is there or is there not mixing in the public terminals?—A. I cannot speak for any but the government elevator. So far as the government elevators are concerned, there is absolutely no mixing of wheat.

Q. Have you inspection of the binning of wheat?—A. No, sir.

Q. Just how do you know there is no mixing?—A. We have to issue for every car unloaded a warehouse receipt which shows the weight, and grade of the grain taken from that car, not the dockage. We issue a separate receipt for the dockage. Towards the end of July in each year, or possibly early in August, but as near as possible to the 31st July, the elevator is turned over to the weighing department of the Board of Grain Commissioners. They put in

[Mr. R. Hetherington.]

a crew usually in charge of the Assistant Chief Weighmaster. They obtain from the elevator a statement or a list of the bins containing grain, and the bins that are empty. They then proceed to sound, first of all, the empty bins to satisfy themselves that they are empty. Then they seal them. They then sound the bins reported to them as containing grain, and when they satisfy themselves that those bins do contain grain they seal them also. No employee of the elevator has authority to break those seals. The elevator is absolutely in the hands of the weighing department. They then proceed to weigh the content of each bin, obtaining the grade on that grain from the inspector at the elevator. A statement is then made up and furnished by them to the chief weighmaster, showing the amount of grain which they have weighed in the elevator. Adjustments are made as between those weights and the stocks that would be in store at the close of business on July 31st, that is, whether the weigh-up is after July 31st, or before July 31st. Adjustments are made back to July 31st, by taking in our receipts and shipments between the dates, which are usually very small.

In the meantime, the elevator has furnished to the Registration Department of the Board a statement of our record of outstanding warehouse receipts, as at July 31. That statement is checked by the Deputy Registrar with his records, and if found correct, he forwards a copy of that statement to the chief weighmaster. The chief weighmaster then has a statement prepared showing the amount of grain, and the adjustments necessary to bring that amount back to July 31, and the amount of outstanding warehouse receipts and the difference between those two columns show the overage or shortage in each grade. I think that answers your question, Mr. Garland.

Q. Yes. Of course, we will assume that no serious overage or shortage in any of those grades has existed. If that is the case then, of course, your statement is quite complete.—A. Well, it is complete up to that point, that those two columns show the overage or shortage. I have with me a statement, which is a file copy of a statement, prepared in our office, copied from the statement furnished to the Board of Grain Commissioners by the chief weighmaster. It shows in the several columns the figures which I have indicated, and in the final column the adjustments to take care of the overages and shortages, as instructed by the chief inspector, or the registrar, as the case may be. There are three sheets of wheat, and then the other grains follow.

MR. GARLAND (*Bow River*): Mr. Chairman, I am sure that no one in the Committee is anxious to have that all read, and I do not know whether they are even interested enough to study it if it were left with you.

*By Mr. Garland (Bow River):*

Q. I would like to ask you then, Mr. Hetherington, if an analysis of that sheet has been made by you, and can you state as clearly as possible whether there has been any serious shortage or overage in the grades taken into the public terminal?—A. There is what would appear at first glance at this statement to be a serious shortage in 3 Northern, amounting to 31,342 bushels and 40 pounds.

Q. What is the total handling of 3 Northern?—A. I have not those figures. Coming down to tough 3 Northern—

Q. Just a moment before you pass that Mr. Hetherington. What is the explanation of the shortage?—A. I am going to explain it now, Mr. Garland.

*By Mr. Bancroft:*

Q. To what year are you referring?—A. The crop year ending July 31, 1927. That year we were in the unfortunate position of having to pay the government for an excess surplus, that is, excess over one-quarter of one per cent. Last

[Mr. R. Hetherington.]



year we had an overage of less than a quarter of one per cent, so that we did not have to pay the government anything. I thought it would be more interesting to take a year in which we had to pay the government for excess surplus. In the tough 3 Northern we had an overage of 50,907 bushels and 10 pounds. The explanation for that is here. On July 12, 1927, I wrote the following letter to the Secretary, Winnipeg Grain Exchange:

Kindly post the enclosed notice for the information of your members.

The notice is as follows:

Notice is hereby given that on and after July 18, 1927, all tough grain in store at the Canadian Government elevator, Port Arthur, will be dried for account of whom it may concern, and tough grain unloaded on and after the above date will be dried on arrival, without further notice.

Immediately that notice was posted on the Winnipeg Grain Exchange—the trade holding tough warehouse receipts which were largely 3 Northern, but many other grades were concerned too—they literally swamped us with warehouse receipts, asking us to try to dry them and return them as promptly as possible. We accordingly dried warehouse receipts more quickly than we could dry the grain, but we always had sufficient dried grain on hand to protect the warehouse receipts surrendered. Unfortunately, however, the weigh-up caught us right in the middle between the drying of the warehouse receipts and the drying of the grain. The result is we showed an enormous shortage on 3 Northern, and an overage on tough 3 Northern.

*By Mr. Millar:*

Q. You would dry that later on?—A. We were drying all the time, Mr. Millar, twenty-four hours a day.

*By Hon. Mr. Malcolm:*

Q. The fact is the grain was all dried eventually?—A. Yes, sir.

Q. And your returns of the grain, were as certified?—A. Yes. We could not tell whose grain it was. We were drying all the time. We simply dried the grain as fast as we could get at it. We did not know whose it was nor what warehouse receipts to apply.

*By Mr. Garland (Bow River):*

Q. Mr. Hetherington, we are not operators of public terminals, and as you go along in your explanations would you mind describing the effect of each stage you are coming to. For example, you stated that you were swamped with grain from the Winnipeg Grain Exchange, swamped from the warehouse—  
—A. With warehouse receipts.

Q. And that you dried them more rapidly than you could dry the grain, although the grain was eventually dried. The effect was what?—A. That the trade who obtained those warehouse receipts could sell them more readily than if we had held them till the grain was dried.

Q. But what was the effect on your terminal?—A. As we dried this grain—

Q. What I mean is, will you relate that letter and its effect to the statement you have just given us of a shortage of 31,000 bushels of 3 Northern and an overage of 50,000 bushels of 3 tough?—A. I thought I had done that, Mr. Garland. I am afraid I missed my aim if I did not.

Mr. COOTE: Mr. Garland believes it will not be very plain to anyone in reading the record of your evidence.

[Mr. R. Hetherington.]

The WITNESS: I will try again, gentlemen, to make it clear. We had in store at the Port Arthur elevator a considerable quantity of tough grain. I have not got the figures available. The weather was hot in July, and we were afraid, with such an enormous quantity on hand, that it might result in serious loss before we could dry it, if we waited for warehouse receipts coming in, but directly we posted this notice on the Grain Exchange, dated July 12, to the effect "that on and after July 18"—that is, giving them six days' notice to order out all the tough grain if they wished to do so, or to order it held at their own risk if they did not wish it dried—"all tough grain in store at the Canadian Government elevator, Port Arthur, will be dried for account of whom it may concern, and tough grain unloaded on and after the above date will be dried on arrival, without further notice."

*By Hon. Mr. Motherwell:*

Q. The Act gives you authority, I think, to do that?—A. The Act does not compel warehouse men to take in tough grain, Mr. Motherwell.

*By Mr. Donnelly:*

Q. You still have an overage of 20,000?—A. Yes, sir, after that grain was dried we would still have an overage of 3 Northern.

Q. Of about 20,000?—A. Allowing for shrinkage; the shrinkage would have to come off the 20,000.

*By Mr. Millar:*

Q. Speaking of your receipts, Mr. Hetherington, you spoke of several small amounts of one per cent, or a fraction of one per cent, .3 per cent. Were those small amounts treated? Were they treated and put in with straight grain?—A. No, sir.

Q. Just how were they handled?—A. They were all kept separate, Mr. Millar. We had a warehouse receipt out for each of those grades, and quantities, and when that warehouse receipt is surrendered for that grain and quantity we have got to be in a position to deliver it.

Q. Were each of those lots delivered separately into the hold of the vessel?—A. So far as my knowledge goes, yes. Perhaps I might just jump to another statement along the lines of Mr. Millar's question. Some gentleman asked whether there was any mixing in the government elevator, and I said, "of wheat, no." There is mixing, to a certain extent. We take in a considerable number of cars of flax marked "CC for other grain." Sometimes the other grain is a straight commercial grain, such as 2 Feed Oats, or a grade of wheat, then oats, or a mixture such as wheat, oats, rye and barley; wheat, barley and oats; wheat, barley, oats and wild oats; and so on indefinitely. Those are usually very small lots, a few thousand, even a few hundred pounds sometimes. We make no attempt whatever to keep those small lots separate. They are binned together. That is, a certain amount of discretion is exercised as to the predominating grain. The grain is ordered out, as a rule in this way. I have here copies of three sample shipments which we made during the last season of navigation. The S.S. "Valcartier," July 3, 1928: we loaded the following grain into hold No. 2: smutty 3 Durum, 1,156 bushels; White and Red Spring 1,578 bushels; No. 4 White Spring, 135 bushels—there are odd pounds there, but I am giving the round figures; tough rejected 4 Durum mixed heated 1,489 bushels; rejected 3 Amber Durum, 500 bushels; tough smutty 3 Durum 223 bushels; No. 5 Durum, 88 bushels; No. 4 Durum, 2 bushels. I do not know where they got that small amount from.

[Mr. R. Hetherington.]

*By Mr. Coote:*

Q. Where would you get such a small quantity as 88 bushels in one variety?  
—A. We would have more than 88 in store; we simply drew that out. Tough No. 4 Durum, 2,340 bushels; No. 3 Durum, 1,381 bushels. That all went into No. 2 hold.

*By Hon. Mr. Malcolm:*

Q. How would it be graded?—A. It would get a grade certificate for "sample wheat," with the composition of all these grades endorsed on the back of the certificate.

Q. Would that be sold for feed?—A. We have no knowledge of where it goes. All we know is that we have to load it into hold No. 2 of steamer "Valcartier."

*By Mr. McMillan:*

Q. And there is a record of what comes in?—A. Yes.

*By Mr. Gardiner:*

Q. You were ordered to load it into this boat?—A. Yes.

Q. And the mixing was done when it was going into the boat—not in the elevators?—A. It was done in the boat.

*By Mr. Millar:*

Q. Has there been much of that done? Does much grain go out in that way?—A. Practically all of the small lots that we take in go out that way.

Q. Then there is a market for it?—A. I presume so; it is going all the time.

*By Hon. Mr. Malcolm:*

Q. What percentage of the receipts of the government terminal elevator at Port Arthur would that make up?—A. It would be the corresponding figure to the receipts, which is very, very small; probably 5 per cent at the outside.

Q. All the off-grades?—A. Yes.

*By Mr. Donnelly:*

Q. You do not pretend to treat any of the off-grades?—A. No sir, we are acting as a public warehouse. If an owner sends in his wheat as rejected No. 2 Northern and asks us to clean it and try to get a straight grade, we attempt to do so. Our procedure then is to have the inspection department examine the sample, if there is one, and tell us what they might expect if we clean that car for them.

Q. Do you scour the smutty wheat?—A. No sir, we have no scourers. We do not treat smutty grain at all.

*By Mr. Millar:*

Q. You said you "try to get a straight grade." Does that mean to get it by itself?—A. Yes.

*By Mr. Donnelly:*

Q. What do you do with your smutty wheat? Ship it out as smutty?  
—A. Ship it out as smutty. Some went into this boat—tough, smutty No. 3 Durum.

*By Mr. Coote:*

Q. If a car comes in and is graded as wheat, oats, barley and wild oats, could you separate that?—A. No sir, we cannot take out the barley.

Q. If it was wheat, oats and wild oats?—A. Yes.



Q. You could separate that and issue a warehouse receipt for each one?—  
—A. Yes, but we are obliged to issue the original warehouse receipt for the original grade, and if the party picking up that warehouse receipt sends it back to us and asks us to make the separation, we do so. If it was wheat, oats and wild oats, we could make practically a 100 per cent separation.

Q. And would you have to issue a warehouse receipt for each one?—A. Yes.

Q. Then would you use your own judgment as to which bin that wheat should go into?—A. No; we would get a grade on each from the inspector after we separated it, and then bin it accordingly.

*By Mr. Donnelly:*

Q. What do you do with your sprouted wheat?—A. We keep it as we get it in.

Q. And ship it out the same way?—A. Yes.

*By Mr. Coote:*

Q. Do you find that you have enough bins in the elevator to take care of all the cars containing rejected grades, so that you can bin each one separately?—A. Oh yes, all rejected grades. We economize a certain amount of space by getting the small lots of mixed grain together, but that is all stuff that is binned together. For instance, wheat, oats and wild oats would go in with oats, wild oats and wheat. If we had 1,000 pounds of one and 2,000 pounds of another, we would not keep two bins for that.

*By Hon. Mr. Malcolm:*

Q. In operating your terminal elevator do you think you receive about the same average of grain as a private house?—A. I have no knowledge of what goes into the private house.

Q. You would not like to say that the conditions in your house are comparable to the conditions in a private house?—A. No; I have no information on that point.

Q. Well, supposing the Committee recommended to prohibit mixing by statute, you would then have no trouble in binning your grain received separately?—A. No sir.

Q. You would handle your straight grades in separate bins, and these off grades would be mixed where you had to in order to economize on space?—A. Yes.

Q. So if mixing were prohibited by statute, as far as your operations are concerned, it would make no difference at all?—A. No.

Q. It has been intimated to the Committee that there are practical difficulties in prohibiting mixing. In so far as you are concerned, this does not apply—A. No sir.

*By Mr. Donnelly:*

Q. Would not the difficulty be even less? Supposing we said that straight grades 1 to feed were to be kept in separate bins, and then the condemned, no grade for tough, no grade for damp, 1 to feed again would be kept separately, and all other grades would go into a hospital elevator to be treated—would not that be more simple?—A. The less grades we have, the more simple it is.

Q. Would there be any practical difficulty in taking the off grades in and having them treated and graded again into six other grades comparable to 1, 2, 3, 4, 5 and 6, and sold out as that?—A. I am afraid that I do not just get the question. Does that mean that all off-grades would be treated?

Q. You could treat them or not as you saw fit, and then sell out, under six grades, as treated grain—conditioned grain, smutty grain, rejected for gravel, rejected for coal, tough rejected, sprouted, burned, heated, or something like that?—A. Would it not be necessary if we followed that out for the elevator to own that grain?

Q. It might be—A. Just to explain that. We dare not go ahead and treat a man's grain unless we have instructions.

Q. Either the elevator would own it or the government take it over and treat it and re-grade it—would it then be possible to grade it into six other grades?—A. I do not think so.

*By Mr. Coote:*

Q. Would there not be a difference in the value?—A. Yes, an enormous difference.

Q. There would be a difference between a No. 2 Smutty and a No. 2 Rejected for rye, for instance.—A. Then you get your combination of tough grades, tough smutty and tough smutty rejected.

*By Mr. Donnelly:*

Q. All the off-grades to which you refer here would not amount to more than 2 or 3 per cent?—A. Assuming that the receipts in the government elevator are typical of the others—and I honestly believe they are—it would amount to less than 5 per cent.

Q. How many grades do you think it would be necessary to have?—A. I cannot express an opinion on that.

*By Mr. Gardiner:*

Q. Could you give us some indication as to the difference in value of those off-grades, so that we could arrive at some conclusion?—A. No, we are not buying and selling grain.

Q. Do you know what the value would be, for instance, of smutty as against rejected for some other things which are detrimental to the wheat?—A. I cannot give you those figures. They are published daily, giving the spreads for rejected and tough and smutty.

*By Mr. Millar:*

Q. Could not the off-grades after being treated be placed in one of the six grades and still be classified with wheat of about the same value?—A. We sometimes have requests to clean up rejected No. 4. We clean that and still get rejected No. 4 when we are through. It does not improve the grade. If it is rejected for barley, we cannot take out the barley sufficiently to bring it into a straight grade.

Q. If you had the off cars in six different grades could not that be classified as one of them with grain of the same value, or about the same?—A. Yes. If you put the—

*By Mr. Donnelly:*

Q. For example, after you washed some of the smutty grain, your inspector should say to you "I would like to have that go into 3 treated, and if you separated your rye from it, it would go into the 3 or 2; you would have your off grade with the Standards Board"?—A. Certainly.

Q. You could divide it into about six—that is, some, but with some other you might not be able to do that, and you would say, "We will let that go into the 6"—or "the feed"—but the inspector would be the man to say, into what grade it would go for treated grain.—A. That is a problem for the Chief Inspector, rather than for the elevator, I think. I do not envy him his job.

*By Mr. MacMillan:*

Q. I think, Mr. Chairman, the witness has shown that they are doing a straight business and that the grain goes out as it comes in.—A. We have to.

*By Mr. Vallance:*

Q. Dealing with the off-grades, you gave us an instance of a certain mixture going out, of different classes of grain going into one mixture. Now when these went into your house there was a certain value placed on them by the purchasers before they put them with you. In your opinion, do you not think the composition of the whole made them more valuable than one separated from the other?—A. I would be inclined to think it did.

Q. Then if the suggestion of Dr. Donnelly were adopted, would it not do the same for all the off-grades as was done in the instance you mentioned?—A. I think it would. I do not think it would lower the value, at any rate; that is the average of the mixture might be higher than the average of the separate lots.

*By Hon. Mr. Malcolm:*

Q. It might or might not?—A. It might or might not; I do not know, sir.

*By Mr. Gardiner:*

Q. You would not like to make a statement in regard to that without making examination of the different qualities going in?—A. No.

*By Mr. Donnelly:*

Q. Apparently the men putting this stuff in have no trouble in moving their stuff?—A. Apparently not, because they are moving it all the time. The fact is that they go out very largely mixed.

*By Mr. Coote:*

Q. Mr. Hetherington, is it not quite possible in the case of a man with a car of wheat No. 2 rejected for oats, that that would be much more valuable than a mixture composed of No. 2 containing wheats which have been rejected for smut, other rejected for rye, and other rejected for sprouts?—A. Yes, but I did not anticipate a car of wheat and oats going into that mixture, because we can separate wheat and oats 100 per cent.

Q. They do not reject wheat for wild oats?—A. No.

*By Mr. Macmillan:*

Q. Do you think it would be a benefit to your elevator if you had the washing apparatus, or a benefit to the producer?—A. It might be a benefit to the producer in having the grade of his wheat raised; but as far as benefit to the elevator is concerned, we handle so little smutty grain that it would be of no benefit to the elevator.

*By Mr. Coote:*

Q. Does the public storage elevator accept all grain offered it?—A. So far as the storage capacity available and the nature of the equipment would enable them to do.

Q. Are you compelled to accept damp grain?—A. No, if it is not in condition.

Q. What about tough grain?—A. No, we are not compelled to accept it, in my opinion.

Q. But you never refuse to take it in?—A. No sir, not when we have space to put it in.



Q. You never refuse damp grain?—A. No sir.

Q. Do you dry it?—A. We dry it as rapidly as we can get at it. We do not store damp grain.

Q. Would you tell the Committee anything regarding the dryers used in your elevator, whether there is any supervision of the drying by the Inspection Department, to see that the grain is dried at a proper temperature, or not dried to too low a moisture content.—A. No sir, no supervision.

*By Mr. Donnelly:*

Q. You supervise it yourself?—A. Yes. Mr. Coote said by the Inspection Department.

*By Mr. Coote:*

Q. You have an operator, I suppose, for that dryer?—A. Yes.

Q. Has he any instructions as to what point that grain should be dried to?—A. No sir, not so far as I know, Mr. Coote.

Q. Has he any way of telling the moisture content of that wheat after it has been in the dryer a certain length of time?—A. No.

Q. The point I have in my mind, and possibly you can inform the Committee as to it, is how does the operator of the dryer know how long to have the wheat in there, to be sure to have it dry enough to receive the straight grade?—A. He has the moisture content going in, and it is a matter of experience as to when it is ready to come out. We occasionally take grain out of the dryer and find that it still has excessive moisture and would have to go in again.

Q. It would take you a couple of hours to make that test?—A. Oh yes, it is not dried immediately. It goes away to storage.

Q. How would you find out that it still had too much moisture in it?—A. The inspector would refuse to take it.

Q. You would not know until then?—A. No.

Q. Then can you tell the Committee whether any of your wheat ever had the appearance of being burned, after it had been dried?—A. Not to my knowledge. I never heard of it.

Q. Have you any figures with you which you can show to the Committee, showing the revenue of the elevator in different years from different sources, that is storage, dockage and handling charges?—A. Yes sir.

*By Mr. Bancroft:*

Q. Could you with that give us the cost of maintenance, and so on, so as to show what is the standing of the elevator?—A. I think it would be better to take the two separately.

Q. Just whatever suits you, of course.—A. The Port Arthur elevator commenced operations in 1913, but was only operated for a part of the year in the crop year 1913-1914; that is it commenced after July 31; I do not know just what was the date. Unfortunately, for the years 1913 to 1920 I have not the figures available for storage and elevation separately.

*By Mr. Coote:*

Q. That will not matter, I think.—A. I can give you the combined figures. It is going to be quite a mass of figures.

Q. I do not think we need it back so far. The reason I am asking for it is that we have been told it does not pay to operate a public terminal. I have heard that statement made, but I have had the idea that the operation of your elevator is quite successful, and we would like to have an idea where the revenue comes from under the three heads, overage, dockage, and storage.—A. This may answer your question very briefly. The Port Arthur elevator, built in 1913,

has cost up to July 31, 1928, a total capital expenditure of \$1,466,333.75. Up to the same date, July 31, 1928, we had remitted to the Government a surplus of revenue over all expenditures of \$4,213,985.96. That is, the elevator had paid for itself three times over.

*By Hon. Mr. Motherwell:*

Q. How many years does that cover?—A. That covers sixteen years. As a matter of fact, Mr. Motherwell, it was paid for in 1920.

*By Mr. Millar:*

Q. Did that include overages?—A. It includes all revenue.

*By Mr. Gardiner:*

Q. You do not know whether that covers the interest charges on the capital investment?—A. I have a statement, but I think I can speak from memory sufficiently accurately to satisfy the Committee. Taking the period from the commencement of operations in 1913 to the 31st July, 1920, we had sent the government sufficient money, of excess revenue over all expenditures, to provide interest on capital investment, at 5 per cent per annum, amounting to \$301,000, repay the whole of the principal, and give us a credit balance of \$52,000.

*By Mr. Coote:*

Q. That was in 1920?—A. July 31, 1920. Now, the analysis of the revenue—

*By Hon. Mr. Malcolm:*

Q. May I make a statement to the Committee which approximately covers, I think, the situation with regard to the elevator. The plant cost about a million and one-half. Over the period of its existence, an allowance of 6 per cent for interest, would represent about another million and one-half, about \$90,000 per year. The profits over and above that would be another million and one-half. So that it has earned really 12 per cent on its cost over that period of years.—

A. Yes, sir, and repaid the principal as well.

Q. And repaid the principal as well?—A. Yes.

*By Hon. Mr. Motherwell:*

Q. And without any profits from mixing, either?—A. Yes, sir.

Q. The elevator can be made to pay without mixing?—A. Yes. It might be well to point out, gentlemen—I do not want to digress too much from what the Committee is considering at the moment—the government elevator, confining ourselves to the Port Arthur elevator, is in a very peculiar position, as compared with other elevators. We have no feeders in the country; we are depending very largely on charity, and possibly that has given rise to the statement the other elevators use it as a dumping ground for the stuff they do not want. We cannot control our receipts in any way whatever. We obtain a certain amount of business by my own personal canvass, and through our western elevators. We have done a certain amount of advertising for several years, although I do not think we have obtained much benefit from it. But, apart from those small efforts, we are dependent upon charity. Of course offsetting that is the fact that we do not pay taxes of any description, nor do we pay fire insurance on our building. The privately owned elevators all have to pay taxes of various kinds, federal, municipal and provincial, from which we are exempt. So that offsets to a certain extent, the fact that they can control their shipments while we cannot.

*By Mr. Millar:*

Q. Of what class are your principal shippers? Are they mostly farmers, or do the line elevators send in a considerable amount to your elevator?—A. No, the farmers send us a very small percentage, Mr. Millar. I can give you the actual figures, I think. In 1924-25 crop year, we unloaded 6,404 cars, of which 924 were farmers' cars, or 14.4 per cent that is, cars which came direct to the elevator, billed to the advice and order of the farmers. In 1925-26, 565 farmers' cars were received out of 6,668, or 8.4 per cent of the total receipts. In 1927-28 it dropped to 242 farmers' cars out of 4,939, or 4.9 per cent. In 1928-29, up to April 30, 364 out of 3,453, or 10.5 per cent of farmers' cars.

*By Mr. Donnelly:*

Q. With regard to grain, do you insure the grain that is in there?—A. Yes, sir.

Q. With outside companies, or does the Government carry the insurance?—A. Outside companies, companies acceptable to the Department of Finance.

*By Mr. Coote:*

Q. I wish the Committee would let Mr. Hetherington complete his answer to my question as to the percentage of revenue coming to the government elevator under the different heads, overages, screenings and storage, taking a recent year?—A. In the crop year ended July 31, 1928, which is our last complete year, the Elevation amounted to \$93,373.02.

Q. Are elevation charges income or surplus?—A. This is revenue. Storage \$209,459.83, Cleaning \$21,064.11, Drying \$19,904.05, Screenings, which you call dockage, Mr. Coote, \$16,827.64, and other revenue \$31,211.95. I have an analysis here of the other revenue. Bulkheads \$2,875.

*By Hon. Mr. Malcolm:*

Q. What is that?—A. That is a charge of five dollars per bulkhead, for removing bulkheads. Sacking and car lining \$524.80, Interest \$134.76. I will explain that item later on. Inspection and Weighing and Transit \$10.36. Overage \$27,667.03.

Q. I wish you would give us just the overage and dockage, over a period of years. It seems to me that there have been years when the screenings, if you choose to call them that, have been very materially different from the screenings for the previous year.—A. For the previous year, 1926-27, the screenings amounted to \$19,113.56; for 1925-26, \$8,666.73; for 1924-25, \$29,434.31; for 1923-24, \$32,113.87; for 1922-23, \$23,382.54.

Q. Can you give us the figures back in 1915-16?—A. 1921-22, \$2,794.92. In 1920-21 there was a deficit of \$6,201.56. What year did you say, Mr. Coote?

Mr. COOTE: I said to give it back from the years 1914-15?

The WITNESS: It will not take long to read the whole thing.

Q. All right, go ahead?—A. For 1919-20 Screenings \$12,707.85, for 1918-19 \$29,224.36, for 1917-18 \$73,318.29, for 1916-17 \$47,788.78; 1915-16 \$38,055.56, for 1914-15 \$26,169.28, and for 1913-14 \$39,710.62.

Q. Now will you give us the overages?—A. Do you mind whether I take them up or down?

Q. No, not at all. In the case of the overages, you will give us the total overage, and if there was anything coming to the Government, that will come off. Is that the way you have it in your statement?—A. No. That payment to the government will be provided for in our books.

Q. Quite so.—A. This is the net balance to the elevator.

[Mr. R. Hetherington.]



Q. You have not a statement showing the total overages?—A. No. In 1913-14, the first year of operation, there was no overage.

In 1914-15, the overage was . . . . .	\$ 46,826 97
1915-16 . . . . .	2,836 22
1916-17 . . . . .	116,992 38
1917-18 . . . . .	81,201 97
1918-19 . . . . .	403,894 69
1919-20 . . . . .	51,101 36
1920-21 . . . . .	33,588 83
1921-22 . . . . .	47,045 62
1922-23 . . . . .	2,156 92
1923-24 . . . . .	23,134 07
1924-25 . . . . .	9,144 67
1925-26 . . . . .	22,932 45
1926-27 . . . . .	19,642 56
1927-28 . . . . .	27,667 03

*By Mr. Garland (Bow River):*

Q. You have never had a deficit on the overages?—A. Not at Port Arthur.

*By Mr. Vallance:*

Q. Does your elevator do as large a volume of business as a private elevator would, with the same facilities you have, in your opinion?—A. No sir.

Q. You do not?—A. No sir.

*By Mr. Donnelly:*

Q. You could do much more business, if you had the wheat?—A. Yes.

*By Mr. Carmichael:*

Q. Are your charges for storage and elevation the same as the charges made by the private elevators?—A. So far as I know the private elevators have no tariff. All the public elevators operate under the same tariff, but private elevators have no tariff, that is, no tariff filed with the Board of Grain Commissioners.

*By Mr. Bancroft:*

Q. They handle largely their own grain?—A. Largely their own grain.

*By Mr. Coote:*

Q. For the purpose of informing the Committee, could you give us your opinion, Mr. Hetherington, as to where the overages come from?—A. Very largely I think in the matter of cleaning. If grain is undercleaned, you will create an overage, and if it is overcleaned you create a shortage, which we have occasionally, quite serious shortages, which I believe are very largely due to over-cleaning grain, that is, taking out more dockage than is set by the Inspection Department. I believe that is the main source of the overage.

Q. I do not know whether your memory carries you back to the year when the overage was worth more than \$400,000?—A. No sir, that was before my time.

Q. I was wondering whether you could give us any explanation of such a large overage as that in one year?—A. My explanation would be, Mr. Coote, that that was an accumulated overage, from year to year. We do not dispose of our entire overage as soon as that overage is created, or as soon as it is reported. We find that we have shortages, sometimes large shortages, and very often small shortages.

[Mr. R. Hetherington.]

*By Mr. Garland (Bow River):*

Q. Must we take the answer of the witness as indicating that there is possibly too much dockage placed on cars, that is, cars delivered at his elevator? Is that the sole source of the shortage?—A. No. I said very largely, Mr. Garland.

Q. Even that statement alone would justify a question to this effect, is it due to the imposing of too much dockage by the inspectors at Winnipeg, or too little, or by the outgoing?—A. It works both ways. We find occasionally that the Inspection Department has set too little dockage, which creates a shortage in the elevator.

Q. You have never had a shortage yet?—A. Not at Port Arthur, that is, not a gross shortage.

*By Mr. Brown:*

Q. Your general policy is to keep safe?—A. Yes. We have had cars and even shipments of cargoes turned back to us because an inspector thought that they were not cleaned enough, while the elevator superintendent thought they were.

*By Mr. Coote:*

Q. When you are cleaning out the grain, you take out the dockage that is set; to what standard do you clean, what standard is given to the operator to clean down to?—A. Just his own experience, when he thinks it is clean enough to go out.

Q. That is what you would clean to, to get by the inspector?—A. Yes.

Q. The inspector at your terminal?—A. Yes.

Q. How much shrinkage is allowed to the terminal elevator on each car; I understand there is a certain amount?—A. There is a certain amount, practically about a bushel to each car. The tariff is definite.

Q. From your experience as an operator, do you think there is any such shrinkage necessary; should it be necessary to allow for any such loss? In most years would you not have an overage, if you did not have to allow that bushel to the car?—A. I have never figured out, Mr. Coote, just what that tariff allowance would amount to.

Q. I understand you to say that in one year you handled some six thousand cars. If there was only one bushel to the car, there would be six thousand bushels?—A. Yes.

Q. Your overage is always more than that. There is one other question I want to ask you before it is overlooked, and it is this; what do you do with cars that are marked "too full for final inspection"? Do you bin those on the opinion of your own staff, or do you have inspectors grade them before putting them in the bin?—A. As near as we possibly can, we preserve the identity of these cars until the final grade is given, finally graded. We get the opinion of the inspector as to what he thinks it would carry, and we put it away under that grade.

Q. Do you have to unload many cars at night, when it would be difficult to place the grain?—A. No. Unfortunately we have never been pressed that hard for a considerable time.

Q. But if you were handling all the grain you possibly could handle at your elevator, you might possibly have that difficulty?—A. Yes.

Q. Do you have much difficulty in getting these cars in the right bins? The Committee is considering the prohibition of the mixing of cars that are marked "too full for final inspection." That creates a certain problem in the minds of the Committee, and I am anxious to get your opinion as to whether there will be much difficulty there in connection with those cars?—A. My own experience has been that the opinion given by the inspector was usually correct.

[Mr. R. Hetherington.]

Q. In the great majority of cases it would be right; you would not get into much difficulty about accepting them?—A. I do not think so.

*By Mr. Garland (Bow River):*

Q. You mentioned a little while ago about bulkheading. You receive quite a number of cars bulkheaded, do you not?—A. Yes.

Q. How long does it take you to remove the bulkheads?—A. The actual removal of the bulkhead only takes a few minutes.

Q. Is the charge of \$5 more than the job is worth, in your opinion?—A. More than the actual removal of the bulkhead is worth, yes.

Q. In addition to that, one has to consider the damage to the car?—A. No, sir. That is an elevator charge; it has nothing to do with the railway companies.

Q. Well, then, what other considerations should you give to the setting of the \$5 charge?—A. I have a sketch here, Mr. Chairman. I am afraid the members of the Committee cannot see the sketch very well. I will try and explain it. This is a sketch of the track-shed at the government elevator, Port Arthur, showing four tracks, with five unloading pits on each track. These four pits, Nos. 1, 10, 15 and 20 all go into No. 1 receiving scale; they cannot go to any other place. The same way with 3, 11, 16 and 20. It may happen that the car on No. 5 pit is a bulkhead car. The other four cars might be unloaded in ten or twelve minutes, but the bulkhead car might take half an hour. We have had them take an hour, or longer. Until that bulkhead car is unloaded these other four hoppers are idle, because you cannot haul those cars away and fill your track again. That \$5 is intended to off-set the delay in operation. The last statement which I took off some time ago showed that 10 per cent of the cars unloaded in this elevator at Port Arthur, over a given period, were bulkhead cars. That meant that one in every ten that were unloaded held up the unloading of the other cars.

Q. I think that information is entirely new to the Committee, and it is well worth while putting on the record. There has been a good deal of misunderstanding in connection with that \$5 bulkhead charge amongst the farmers in the west. I would like to ask one or two further questions. You have read, Mr. Hetherington, the interim report of the Royal Commission, headed by Mr. Justice Brown?—A. No, sir. I have read small portions of it.

Q. I have no doubt in the world you have read those portions of it that refer to the operation of the government public elevators?—A. No. I read very briefly, Mr. Garland, the recommendation regarding the government elevator—

Q. At page 38, the Brown Commission says:

The standard which we have recommended—  
that is, the 75-25—

for private terminal elevators cannot at present in justice be applied to the public terminals.

That is correct?—A. I am not prepared to answer that. I have not gone into it. I am inclined to say No, that it would not apply.

Q. As long as the present standard is maintained then you do not think that the 75-25 out-going standard would permit you to maintain the out-go grade?—A. No.

Q. Then the Brown Commission goes on:

Especially is this true as to the public terminal operated by the Board of Grain Commissioners on behalf of the government at Fort William. The evidence of the inspector in charge at Fort William satisfies us that this elevator is used simply as a reservoir for dumping the grain that no one else wants.

[Mr. R. Hetherington.]



Have you any comment to make on that, Mr. Hetherington?—A. I thought that was the first thing I answered, Mr. Garland.

Q. I am relating it strictly to a charge levelled by a responsible commission.—A. One thing I would like to state to this Committee is, that that recommendation, or suggestion, was made by the Brown Commission—and I make this statement with all due deference to that Commission—without having examined a single officer of the Canadian Government Elevator System, so far as Port Arthur is concerned. If I go before a Judge and tell him that Tom Brown killed Jim Jones, I do not think that Judge would sentence Tom Brown to be hanged by the neck till he was dead before getting some evidence.

Q. So that there will be no confusion in the minds of those reading this report, just let me read this further:

The evidence of the inspector in charge at Fort William satisfies us—

Who would that inspector be?—A. I presume Inspector Symes. That is his title.

*By Mr. Coote:*

Q. You have no way of knowing, I suppose, whether the cars that are going into your elevator are mostly what are called line cars, or not?—A. No.

Q. Do you know from whom the cars come, when they are included?—A. Sometimes yes, sometimes no. We get an advice sheet from the railway into our office every morning showing cars billed to our elevator. In some cases, that advice sheet shows the name of the party to whose order the car is billed. In other cases it does not. In some cases where that is shown, the car has been unloaded before we get that into our office; that is, it has been unloaded earlier in the day. We make our cut-off at the elevator at four o'clock in the afternoon, and anything unloaded after four o'clock to-day would go on to-morrow's return, and we might get a sheet in to-morrow morning applying to cars unloaded this afternoon, or in the morning before we got the advice.

Q. But you have no option in the matter if cars are billed to you and you have storage space; you must take them in?—A. I think we might justify the refusal if really there is something wrong with them; it might not be legal.

Q. I am quite interested in this point as to whether the Brown Commission had some evidence given them by the inspector that would satisfy them that the elevator was used for the dumping of grain that the other companies really could not make much profit out of handling, if their own elevator was pretty much filled up anyway?—A. I have no idea of what evidence they got.

Q. As far as your elevator is concerned?—A. I have no idea of what evidence they got.

Q. But, as far as your elevator is concerned, it would not matter to you whether the car was a line car or one of the truck cars of that particular grade?—A. Absolutely, no.

*By Mr. MacMillan:*

Q. Have you refused any cars?—A. I would not like to say No, but I could not give you an instance. I am rather of the opinion that we have.

*By Mr. Donnelly:*

Q. Why would you do it?—A. If we are not satisfied with the car, that it is not what it was reported to be.

*By Hon. Mr. Malcolm:*

Q. Mr. Hetherington, do you submit to the same outturn standard as the private terminal when you are loading out grain that has been mixed?—A. I have no knowledge, sir. We simply load out what has come into us—

[Mr. R. Hetherington.]

Q. But the Inspection Department inspect, on to the boat?—A. Yes, sir.

Q. You have no reason to suppose that they set different standard for private terminals and public terminals?—A. No, sir, not so far as my knowledge goes.

Hon. Mr. MALCOLM: Might I ask Mr. Fraser this question? Is the outturn standard as set for the private the same standard as that set for the public?

Mr. FRASER: No, sir. The outturn standard for the public elevator is the minimum standard. For a private elevator we, of course, use that composite sample as made up down there at Fort William, and we understand that the Act requires private shipments to be equal to the run of the same grade out of the bins at public elevators.

Hon. Mr. MALCOLM: So that the outturn standard demanded for the private, which Mr. Serls submitted in evidence was the composite sample, is a higher standard than that demanded for the public?

Mr. FRASER: It would be a higher standard.

Hon. Mr. MALCOLM: Than the public?

Mr. FRASER: Yes, than the public.

*By Hon. Mr. Malcolm:*

Q. So you could not say then, Mr. Hetherington, that we were really getting the average of the grade if you are only being inspected to the minimum of grade on outturn?—A. We believe, sir, that we are delivering the average of what we take in.

Q. Quite so, but whether that is the average of the grade— —A. Yes, that is so, whether that is the average of the grade passing Winnipeg we do not know.

Q. That to me is rather important. You say you have had no rejections of cargoes?—A. Grain has been refused by the inspector for being dirty, but we have never had a rejection, as I said, that I know of.

Q. So that all you can say is that you have never had a cargo go out which was below the minimum of the grade?—A. No, sir.

Q. Would you say that your outturn cargoes are the average of the grade?—A. No, sir.

*By Mr. Donnelly:*

Q. Are there many cars coming to your public terminals with the seals broken?—A. We keep no record of the seals. That is all kept by the government trackmen under the jurisdiction of the chief weighmaster. He proceeds to the cars when they are placed on the track and breaks the seals, or makes a notation of the seals, and opens the door before the elevator staff touches the car at all.

Q. You have no record at all then as to that?—A. All the seals are broken before they come into the track shed at all, by the government trackmen.

*By Mr. Coote:*

Q. Have you any record showing the amount that you have paid to the government? The point I have in mind is whether the imposition of that tax on the public terminals influence any of them to change to private terminals. That statement has often been made, that it did have that effect of changing some of the public terminals into private terminals?—A. I think I have that, Mr. Coote. This is for Port Arthur elevator, 1925-26, \$56,974.76; 1926-27, \$2,380.56. Just two amounts.

Q. Those are the only years in which you paid?—A. Yes, sir.

The witness retired.

The Committee adjourned until Tuesday, 14th May, 1929.

HOUSE OF COMMONS,

TUESDAY, May 14, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, the Chairman Mr. Kay, presiding.

The CHAIRMAN: Order. Gentlemen, we have this morning Mr. Bennett, the Superintendent of the Alberta Wheat Pool Terminals at the Pacific ports and Mr. McCallum, the Superintendent of the Saskatchewan Pool Terminals at Port Arthur. Whom would you like to hear first?

JOSEPH BENNETT called and sworn.

*By the Chairman:*

Q. Mr. Bennett, this Committee has been enquiring into the question of grain generally, and I think in particular they would like you to discuss the important question of mixing among other things; we are looking for advice from men of experience like yourself. Have you a statement you can give us?—A. Mr. Chairman, I do not think I have any statement to make. I think I can best answer questions first. I think you will get the information you require that way better than if I make a speech.

The CHAIRMAN: Gentlemen, Mr. Bennett is ready to answer any questions you may ask.

*By Mr. Donnelly:*

Q. Mr. Bennett, you might first state the position you hold?—A. I am superintendent of the Pacific Coast terminals of the Alberta Pool at Vancouver. We operate one elevator at Prince Rupert, and two at Vancouver.

Q. All as private terminals?—A. All private terminals.

The CHAIRMAN: Has anybody else any questions to ask of Mr. Bennett?

*By Mr. Donnelly:*

Q. Well, Mr. Bennett, I think first you might tell us on what standards you grade by, from your private terminals?—A. We are supposed to make shipments equal to the average of the public terminal.

Q. Have you any public terminals?—A. One, at Vancouver.

Q. How is that operated?—A. By the Pacific Terminal Elevator Company.

Q. Your wheats out of your terminals are graded according to that standard?—A. Well, our wheat is supposed to be graded equal to the average of the public terminal. I imagine that would be the public terminal it would be compared to.

Q. Have you a composite sample there?—A. As far as the elevator is concerned, we have not.

Q. Is your standard of grading out above the minimum or below the minimum at the public terminal?—A. Above the minimum. Our shipments are all above the minimum.

Q. Much above the minimum?—A. Well above the minimum.

*By Mr. Ross (Moose Jaw):*

Q. The standard is the minimum of the grade; is it the same out there as it is in the east?—A. I imagine so.

[Mr. Joseph Bennett.]



Q. Is the public terminal much above the minimum, or is it just on the minimum?—A. I would imagine theirs would be just on the minimum, on the Pacific Coast.

Q. Do you ever have to appeal any cargoes?—A. We never have, no.

*By Mr. Donnelly:*

Q. I understand this year, Mr. Bennett, that the Pacific coast wheat is less in price on the Continental market than Atlantic seaboard wheat. How do you account for that?—A. I do not know that it is less. You will have to get that information from the selling agencies.

Q. I know it is, on the European markets, how do you account for that?—A. I do not know, because our averages are well above the minimum. I cannot see why it should be any less.

Q. I know on the German market prices are lower almost continuously at the present time than for Atlantic shipments?—A. I have no information with regard to prices at all, Mr. Donnelly.

*By Mr. Vallance:*

Q. Mr. Bennett, the standard you ship out on is the standard that is composed of, or taken from the public elevator at Fort William?—A. No, the average of the public elevator at Vancouver.

Q. Is it the average going through the public, taking it from the Vancouver Public Terminal elevator?—A. I do not know whether the inspection averages are from Fort William or not.

Q. The reason I ask that is, that there has been considerable discussion in the Committee here as to whether it would be to the advantage of western shipments if we set up two standards. On many occasions we find the eastern standard is not of a type that warrants grading out or grading in even to the local elevators in Alberta; that is, the wheat is of such a different type. What I wanted to know is, when you grade it you grade it on the average from the public terminals not at Fort William but at the Coast?—A. It is the average out of the public terminals on the Pacific Coast; that is the average we would go by.

Q. As the operator of a public elevator, do you think you would care to express an opinion as to whether we should set up two standards, one for Pacific Coast shipments and one for eastern shipments?—A. That would be really a question for the selling agencies to answer, Mr. Vallance.

Q. You have no difficulty in the grading out of the bins?—A. No. We keep our averages well above the standard, and have had no trouble.

*By Mr. Donnelly:*

Q. On account of the different varieties of wheat you have to handle in Vancouver, have you any difficulties in grading the standards set up in Winnipeg?—A. No. We have had no trouble with inspection.

*By Mr. Ross (Moose Jaw):*

Q. How many different grades do you ship from your elevator?—A. From one to feed.

Q. It all goes out into the grades, one to feed?—A. As a rule, yes.

Q. Do you have much off grade?—A. Not this year.

*By Mr. Donnelly:*

Q. Do you scour the smutty wheat?—A. No.

Q. What do you do with it?—A. We mix it.

Q. It is run in small streams into the straight grades?—A. Yes.

Q. Have you any wheat with rotted kernels in it this year?—A. Not this year.

Q. Last year did you have any?—A. No, we had none last year.

Q. You have not had any of late years?—A. No.

*By Mr. Ross (Moose Jaw):*

Q. Have you had any fire-burned or binned-burned?—A. Not fire-burned. We have had an odd car binned-burned, but very few.

*By Mr. Donnelly:*

Q. What did you do with that?—A. Mix it.

Q. Do you mix any screenings with your mixture when it is going out again?—A. No, sir.

*By Mr. McMillan:*

Q. What is done with your screenings?—A. They are sold. Some go to Seattle, some go to Calgary, and some are used locally.

*By Mr. Vallance:*

Q. If the mixing privilege were denied at your elevator, could you take care of the wheat even on the volume that is presented to you to-day?—A. I do not think we could.

Q. What are your reasons for saying that; why do you make that statement?—A. Well, you take your off grade stuff, for instance, that might lie in your elevator a month or even six months, until such time as it was sold. During that time it would tie up those bins, with the result that you could not take any in, that is, any off-grade stuff, and that would cause congestion in your railway yards, with off-grade wheat.

*By Mr. Donnelly:*

Q. Suppose we had a regulation that all were to be binned, without mixing, and that our low-grade wheat, tough and damp, would be dried and treated and binned without mixing, and then our off-grades you referred to were put into a hospital elevator or used in private terminals, as it is at the present time treated and sold under different grades, would you have any difficulty then in handling your six or seven straight grades, the seven no grades, and the seven grades damp; would you then have any difficulty in handling those twenty-one grades?—A. The same condition would exist in the elevator.

Q. I am only referring to the twenty-one straight grades?—A. There might not be any demand for the dried wheat.

*By Mr. Ross (Moose Jaw):*

Q. The only reason that there would not be any demand for it would be that it would not be worth so much as the other wheat?—A. That would be one.

Q. But you would not get as much as for the straight grades?—A. You are putting something in those straight grades to counterbalance any deficiency in the dried.

Q. What do you mean when you say you are putting something in to counterbalance?—A. You are putting something better in.

Q. You lower by mixing, do you not?—A. No, we do not.

Q. How do you put something better in?—A. We keep our stuff well up to the average; in fact I do not think if you saw the average sample coming from Calgary, and the average sample of our shipments, you could tell the difference between the two. They are kept well up.

*By Mr. Donnelly:*

Q. Do you mean to tell the Committee that by putting smutty wheat and that kind of wheat into it you are not lowering the average of that grade?—A. Our stuff is well above the standard.

[Mr. Joseph Bennett.]

Q. But you are lowering the average of that grade?—A. The percentage is so small that I do not think it matters.

*By Mr. Ross (Moose Jaw):*

Q. If there is such a small percentage, you would not have much over in your bins?—A. We are mixing it out all the time, if any grade will stand up to it.

Q. You say yourself that the stuff is poorer; does it not follow that you must lower the value of the grade you put it in?—A. No, we are putting in something that is as good.

Q. What are you putting in that is better?—A. We are putting an equal grade in.

*By Mr. Donnelly:*

Q. Have you a record here of the amount of these different grades taken in and shipped out?—A. No.

Q. You have no record of how much No. 1 and No. 2 you take in and ship out?—A. As far as No. 1 is concerned, we ship out the same. No. 2 practically the same.

Q. What about No. 3?—A. We do a little mixing of No. 3.

*By Mr. McMillan:*

Q. You do not mix your No. 1 and No. 2, you ship them out as they come in?—A. Yes.

Q. If you put in some dried wheat, then you put in something to counter-balance that, and where do you get it?—A. A year like last year, we had some 1, which is better than No. 2.

*By Mr. Donnelly:*

Q. What do you do in a year like this?—A. You have to regulate your mixing according to what you have in the house.

*By Mr. McMillan:*

Q. Do you think you can mix your rusty grain in and not reduce the standard?—A. No, I think we are keeping well above the standard. We are not reducing the standard anyway.

*By Mr. Donnelly:*

Q. Still for all that, you are reducing the average for that grade; you must admit that.—A. No, I do not think we are. We are putting something as good in all the time.

Q. Supposing you had bought No. 3 straight grade, would it be better than you ship out?—A. No, I do not think it, because our stock is all equal to the average.

Q. Of the grades coming in?—A. Yes.

Q. And you have no trouble keeping up to the average?—A. No. We have checked our averages with Edmonton and Calgary and I doubt very much if you could tell the difference.

Q. I noticed the other day in the papers someone giving evidence before the Brown Commission, and they said if they had a good sample of No. 4 coming in and a good sample of No. 5 that they would run the two together into a No. 4 bin. How can that be raising the standard?—A. You could not take a car of No. 4 and a car of No. 5 and by mixing them get two cars of No. 4. He would be a pretty good mixer if he could do that.



*By Mr. Ross:*

Q. You say that you could not do that?—A. I am pretty positive.

Q. Under no circumstances?—A. Not that I know of.

Q. Now, supposing you have the top of both grades, and your No. 4 is a good heavy grain and your No. 5 happens to be a rusted grain of a good colour but a little light; do you mean to tell me you could not put those two together and bring them out a No. 4?—A. I have never seen two cars that could be mixed in that way. You might get them if you scoured the country.

*By Mr. McMillan:*

Q. About what quantity of grain did you ship out through your elevator last year?—A. We had just one elevator in Vancouver last year, and we shipped something like 15,000,000 bushels through Vancouver and 8,000,000 from Prince Rupert.

*By Mr. Ross:*

Q. How much of that coming in was straight grade and how much off-grade?—A. I could not say that offhand.

Q. You could not say roughly?—A. No.

*By Mr. Garland:*

Q. You are addressing a Committee most of whom I think, are Pool men or sympathetic with the Pool, and you need not worry about the frankness of your answers. What we want to get is the rock-bottom facts facing us. I am a little puzzled about an answer which you have given us. How can you maintain the out-go standard from your elevator equal to the average, when you are not maintaining the identity of the separate grades taken in? Now you take a sample of, say, No. 4 wheat this year—No. 4, I think, is the largest shipment—and how can you keep that up to the average of No. 4's going through Calgary or Edmonton? You are not mixing it with No. 2 at all.—A. We do maintain the identity of our separate grades; but we are not tampering with No. 1 and No. 2. We might put some No. 3 in to build it up.

*By Mr. Vallance:*

Q. In that event, Mr. Bennett, you would show a shortage in your 1 or 2?—A. Yes.

Q. That is providing you put nothing into your No. 2, if you take some out you would show a shortage?—A. You would probably have a shortage, yes.

*By Mr. Lucas:*

Q. You have said that you have no difficulty in keeping up your standards equal to the standards of the public terminals. Would you have any difficulty in shipping out your grade if that standard were raised?—A. No, we could keep up to the increased standards.

Q. We have had suggestions here that the outturn standards should be raised to 75/25.

Mr. Ross: That would be lowering it, instead of raising it, according to this gentleman.

*By Mr. Lucas:*

Q. Do you claim that your shipments now go out equal to the average of the grades?—A. Yes, and our shipments to-day going out are equal to the 75/25.

Q. That is not the average of the grade, though?—A. It is pretty close to it, I think.

[Mr. Joseph Bennett.]

Q. You would have no difficulty in complying with that rule if it were adopted by this Committee and by Parliament?—A. No, I do not think we would.

*By Mr. Donnelly:*

O. What is the effect of smutty wheat on flour?—A. I do not know, sir, I am not a miller.

Q. Do you mean to tell me that if you run smutty wheat into straight grades you are not lowering them?—A. Your percentage is so low that you do not see it.

Q. It is the same thing as a box of apples; if you had some windfalls and wormy apples you would lower the average of the apples?—A. I do not think there is any comparison.

*By Mr. Ross:*

Q. You do not agree with the recommendations made by the Pool, then, that if we had a standard making up a 75/25 composite, it would not make any difference to your elevator at all under present conditions?—A. Well, we would keep our shipments up to that standard.

Q. In fact you say you are keeping them above that now?—A. No, we are keeping them up to that.

Q. You said that your samples were equal to the Edmonton and Calgary average?—A. They compare very favourably with the Edmonton and Calgary.

*By Mr. Donnelly:*

Q. With the 75/25 mixing could be carried on just as well as now?—A. No.

Q. You say you are mixing?—A. Yes, but not in the way you probably think. At the present time mixing is practically abolished.

Q. You say you are mixing to-day at private terminals and are shipping out equal to the 75/25 or a little better?—A. Probably not better, but it compares well with them. If the Inspector was grading on that he would pass our shipments.

Q. If the grade was 75/25, mixing would go on just the same as it is at the present time?—A. To some extent. At the present time, with certain grades, mixing is nearly abolished now. We are not making a great deal now out of mixing.

Q. Is it any better this year than last?—A. No.

Q. Last year there was more mixing?—A. Yes.

Q. Why was that?—A. Probably a damp crop, and the grades may have been a little better. There was more frost this year than there was last year.

*By Mr. Garland (Bow River):*

Q. Would you tell us just how you do this mixing? We had another witness a short time ago who stated that cleaning was the basis of mixing, and that the way he managed to mix grades without deteriorating the outgo was by cleaning to even a greater extent than they were required to do under the dockage in the Inspection Certificate?—A. Well, we clean our grain down pretty well. But you have to size up what grain you have in your elevator before you start to mix.

Q. Can you give the Committee the total quantity of wheat taken in last year, and the total amount of screenings left over?—A. No, I have not any figures at all.

*By Mr. Donnelly:*

Q. Did you have any shortage?—A. No, we had a small overage.

[Mr. Joseph Bennett.]

Q. Then you could not have taken out a very large amount of cleanings?—  
A. Well, we have to clean it to get the grade. We do not over-clean but we clean it well.

*By Mr. Ross:*

Q. The dockage was sufficient so that you did not have to clean beyond that?—A. We had sufficient dockage.

*By Mr. Garland:*

Q. You mentioned one difficulty with which you might be met in case this Committee and the House decided to adopt the straight grades. I think, as Dr. Donnelly said, our desire is to abolish absolutely mixing into the straight grades. Provision would be made for mixing together certain off-grades, certain off-grades which could not be cleaned, and so on. Now in the event of Parliament in its wisdom deciding to abolish mixing to that extent in the straight grades, would there be, in your opinion, any difficulty in operating your elevator or do you think any damage would result to the producer of the wheat?—A. I do not think it would be wise to abolish mixing for the reason I stated a while ago, that you would have the off-grades in your elevator taking up space and they might lie there for six months.

*By Mr. Donnelly:*

Q. Now could they be in your elevator, if you could not take them in, if you were operating as a public terminal? So how could they be in your way?—A. Take a point like Prince Rupert, where there is but one elevator, what are you going to do? If you get a car of off-grades in, it might lie there for ten years.

*By Mr. Garland:*

Q. You mean that there would not be sufficient off-grades at Prince Rupert to make a cargo?—A. Yes, or part of a cargo.

*By Mr. Ross:*

Q. You do not have to make a whole cargo in order to ship it?—A. Well, you have got to make a parcel, anyway.

Q. That might be 8,000 bushels?—A. That would all depend. You would have the expense of covering it up with division cloths.

*By Mr. Donnelly:*

Q. Do you not have part-cargoes now?—A. Oh yes. But in the Prince Rupert elevator those things would have to lie there until you could get a market for them.

*By Mr. Garland:*

Q. Has the Prince Rupert elevator ever been filled to capacity?—A. Oh yes.

Q. Very often?—A. Yes.

Q. You could not imagine the situation then where it would be possible, without hampering the trade, to bin these off-grades separately and simply load them out and ship them down to Vancouver?—A. You could not ship anything down from Prince Rupert to Vancouver.

Q. But you could hold it there until you would have enough to get a parcel shipment?—A. But you would have to hold it probably for a whole season before you could get a parcel shipment.

Q. Has your elevator been filled this season?—A. Yes.

Q. How many times?—A. About twice.

[Mr. Joseph Bennett.]



*By Mr. Donnelly:*

Q. How many bins have they in the Prince Rupert elevator?—A. There are thirteen tanks long by four wide, that is fifty-two; and there are thirty-three inter-spaces; and twenty-four small bins.

Q. You would have between eighty and one hundred bins?—A. Yes.

Q. These off-grades which have been referred to, the Committee thought they might be made into six off-grades, and treat these off-grades and bin them separately. Those would take six or seven bins to hold them, or if they were twice larger it would take twelve bins. How could it tie up your whole elevator?—A. No, but it would cut down the capacity.

Q. But there would not be a great many bins tied up?—A. There might be quite a few in the way you suggest. If you take your off-grades into one bin, and so on, the capacity of your elevator would be cut down considerably.

Q. Have you shipped out any of this off-grade stuff at all?—A. We made a sample shipment last year.

Q. Any this year at all?—A. Not this year.

Q. What have you done with the off-grade stuff?—A. We have cleaned some of it and mixed it off. You can take a car of rejected wheat with barley, if the barley is a good big plump grain, and put it through you cleaned, and take out the barley.

Q. What about those rejected for gravel?—A. We have not had any.

Q. Or for coal?—A. No.

Q. Or for coal oil?—A. No, we have had none of that. We have had some rejected for smut, and some for barley—

Q. Some rejected for rye?—A. Only one car for rye.

Q. And you just mixed them up and sent them all away?—A. Yes.

*By Mr. Garland:*

Q. Do you get shipments of barley and rye?—A. No, we do not handle course grains at all. We did have one car of 2 C.W. Oats this year, but that was shipped out exactly as it came in.

*By Mr. Ross:*

Q. I do not think Mr. Donnelly refers to grades which could be cleaned to grade at all?—A. Of course, if you take all your rejected cars, you can always get some of that out.

Q. I do not think any of the Committee has any intention of shutting out from the straight grades any grains which can be cleaned to grade?—A. We are cleaning those cars to grade now, as far as possible.

Q. In my idea, that is not mixing, to take in a car rejected on account of oats or barley, if those oats or barley can be cleaned out of the wheat?—A. But those cars are rejected, nevertheless, and are classed as off-grade.

*By Mr. Donnelly:*

Q. They are not rejected for oats?—A. No, you can clean out the oats.

*By Mr. Ross (Moose Jaw):*

Q. Are any of them rejected for wild oats?—A. No, they can be cleaned out, and the wheat is just as good as the straight grade to which it would belong.

Q. Of the grain which comes into your elevator in Vancouver, you would have a very small percentage of grain that would be off-grade and could not be cleaned to grade, would you not?—A. You would have a small percentage compared to the number of cars you are handling; but it would be a large percentage compared with the small bins you have in your elevator.

Q. You say you handled fifteen million bushels in your elevator?—A. Yes.

Q. Would you have a million bushels which could not be cleaned to grade?

—A. I would not like to say off-hand without consulting the records.

*By Mr. Donnelly:*

Q. I do not think the off-grades amount to even two per cent in the older districts?—A. I could not answer that intelligently offhand.

The CHAIRMAN: Any other questions, gentlemen? All right, Mr. Bennett, thank you.

Witness retired.

PERCY McCALLUM called, sworn.

*By the Chairman:*

Q. Mr. McCallum, would you make any statement to the Committee?—

A. No, I have no statement, Mr. Chairman but any questions which the members of the Committee want to ask I shall be pleased to answer to the best of my ability.

*By Mr. McMillan:*

Q. Will you tell us what is your position, Mr. McCallum?—A. I am the general superintendent of the Saskatchewan Pool Terminals at Port Arthur and Fort William.

*By Mr. Ross:*

Q. In your opinion, is the outgoing grain from your pool terminals at Fort William to-day up to the composite sample which might be set at 25 per cent of the minimum and 75 per cent of the average passing the interior inspection points?—A. Well, I think to-day, on account of the very small amount of mixing we are doing it is very close to it. I would not say it is up to it. This year we are mixing none of the lower grades up into the higher grades. We cannot do it. The only thing is that we are mixing the rejected grades into the same class, and what small amount of toughs we get—

Q. In a good mixing year, your outgo from your elevators would be below that composite sample?—A. Yes, I think they would.

Q. Would you have any difficulty in making your outgo inspection up to a 75/25, as suggested?—A. I think we could do it. I would not say without trouble. You could not do any mixing to-day, or very little.

*By Mr. Donnelly:*

Q. Are you superintendent of the public and the private elevators both, of the pool?—A. Yes.

Q. Do you make any selection of cars from your private terminals, as distinguished from your public terminals?—A. Nothing except in some cases of rejected and smutties. We take the best of these and put them into the privates.

Q. You do not select in the straight grades at all?—A. No. We take them just as they come.

Q. And do you scour your smutty wheat at all?—A. No.

Q. You are not scouring it?—A. No.

Q. What do you do with it, generally speaking?—A. The bulk of it goes into the public terminal.

Q. It is not scoured there, either?—A. No.

Q. What is done with it in the public terminal?—A. It is sold as smutty wheat.

[Mr. P. McCallum.]

*By Mr. Vallance:*

Q. Mr. McCallum, would you say then that the outturn of your public is the equal of the outturn of the private elevator?—A. There is practically no difference at the present time.

Q. So that the mixing in the private elevator works no detriment to the grade going out?—A. No, I do not think it does, as we are doing it now.

*By Mr. Gardiner:*

Q. Is there any difference between the mixing in the public and the private?—A. The grain going into the public terminal has to be kept strictly by itself. It is graded in and graded out by the Government inspectors. In the private terminal the Government does not grade it until it is aboard the boat. That is the only difference. It is supervised more in the public terminal than in the private elevator.

*By Mr. Vallance:*

Q. Do you handle as much in your public as in your private terminals?—A. We have three private terminals and two public terminals, and we handle a little more through the two public terminals than through the three privates.

Q. Would you be handicapped at all if they were all made public terminals?—A. If mixing were abolished absolutely, it would handicap a little in handling the off-grades.

*By Mr. Ross:*

Q. How much of that off-grade is there? First you have your six straight grades, and then you have the toughs and so on, and damps; and then you have got grain which can be cleaned to grade. Outside of that how much grain do you get?—A. Outside of that we might get seventy or eighty grades.

Q. How much wheat?—A. All that is wheat.

Q. How many bushels?—A. I do not know how much in bushels; I have not the figures. But in grades there are all your Durums, the straight grade Durums, your smutty, the rejected, the Durum and Spring; your Spring and Durums and so on; and there are all the mixtures of those.

Q. What do you do with them to-day?—A. They go into the public terminals, most of them. If the Spring wheat has a slight mixture of the others, they go into the private terminal.

Q. You do not mix the Durums into your straight grades?—A. If it is slightly mixed with the Durums, they go into the straight grades. It would make that many more of those which we dispose of, which are Spring wheats slightly mixed with Durums; they go into the straight grades. And then there are the straight grades of 3, 4, 5 and 6.

Q. Durums go out in those?—A. It has to be a very small mixture of Durums.

Q. The regulations in the Act which allow up to 3 per cent in the Durums in the straight grade are what allow you to put those in?—A. Yes.

*By Mr. Garland:*

Q. Outside of the question of the jamming up of certain bins, that is losing the use of certain bins by reason of separate binning, would there be any objection?—A. As a handling proposition there would not be.

Q. Are there any other difficulties?—A. None as far as we are concerned, in the operation of an elevator, of course there is the marketing condition, which I do not know anything at all about, as that is outside of my jurisdiction.

[Mr. P. McCallum.]W



*By Hon. Mr. Malcolm:*

Q. Did you operate the Pool terminals at Port Arthur in 1926, 1927 and 1928?—A. I handled the Saskatchewan Pool terminals ever since they took them over from the Saskatchewan Co-operative.

Q. Did you consider that the average outturn this year was superior to the average outturn last year?

Mr. GARLAND: You mean in each grade?

*By Hon. Mr. Malcolm:*

Q. Yes, I mean in each grade.—A. I know that this year, owing to the difference in the grain, we could not do the amount of mixing that we did in other years.

Q. I want to know whether the outturn standard fixed by the department this year was a higher standard than that which was set last year.—A. I do not know that I can answer that.

Q. Would you think it was, or would you think it was about the same as last year?—A. Well, I imagine it is about the same, only it is an entirely different crop. This year it was all frost.

Q. That rather confirms the statement made by Mr. Murray of the United Grain Growers, that the criticism of the 1927 crop on the Liverpool Corn Exchange was due to the quality of the grain, and that the satisfaction on the Corn Exchange since then is due to the better quality of the grain. You do not think there is any difference in the outturn standard for the two years?—A. No, I do not think there was any difference.

Q. Now may I ask you this question. We have suggestions before the Committee for the statutory prohibition of mixing. We also have a suggestion from the joint boards of the Pools saying that the best average outturn standard would be secured by setting a standard at 75 per cent of the average of the grade and 25 per cent of the minimum,—you are familiar with those suggestions, aren't you?—A. Yes.

Q. Do you think that the suggestion of the Pool officers would make it easier for you to operate your elevators, if there were no statutory prohibition?—A. That is you mean if there were no prohibition altogether of mixing?

Q. Yes.—A. Yes, I think it would.

Q. You think there would be no difficulty in maintaining the grade if the outturn standard were as recommended and if mixing were not prohibited?—A. I think so.

Q. Do you think you would have difficulty if mixing were prohibited and the outturn standard also was demanded by legislation to 75/25?—A. Well, if the mixing were prohibited altogether it would simply be a handling proposition that we would be troubled with. We would have to be more careful than we would be under other conditions; that is all.

Q. I hardly think, Mr. McCallum, you get the point I am trying to arrive at. The Committee have had evidence submitted to the effect that prohibiting mixing solely, without regulating the out-turn standard, will not give us uniformity of grades?—A. I do not think it will.

Q. You agree with that?—A. I agree with that.

Q. So that whether we prohibited mixing by statute, or permitted mixing, the greatest uniformity of out-turn would come through the sample set at 75-25?—A. Yes, it would.

Q. Then what the Committee really are anxious to know is, if deciding that the best average would come through the setting of an out-turn standard, whether that should be supplemented by legislation prohibiting mixing, can you give us in a few words your opinion upon that point?—A. Well, if they have the 75-25 standard to work on, there would be no reason that I can see to prohibit mixing.

[Mr. P. McCallum.]

Q. What is the reason for that?—A. The grades would go out in a more uniform manner than if mixing were prohibited altogether and the standard was not set, but with the 75-25 standard and allowing mixing you can do a certain amount of mixing in the grade.

*By Mr. Ross (Moose Jaw):*

Q. It is of no advantage to mix in the grade except to keep the average of the grade?—A. By mixing the grade you get the average.

Q. Would that mixing not be ordinarily done through the different transfer houses, on the market, in the boats, and in the elevator at Montreal?—A. Not necessarily.

Q. You think that the grain does hold up then to some extent?—A. Well, one shipment might go out of a house at the minimum, and another go out at the maximum. I do not know of course by the time they get to the Old Country just what mixing is done, in those cargoes, one way or another.

Q. Is there any possibility of a house getting the bin full of stuff at the minimum, under present conditions?—A. Yes, there is.

Q. There is that chance?—A. I think there is.

Q. Well, if there is that chance, as an elevator operator, would you say that if you had taken in a bin full of grain graded No. 3 Northern by the Government, and you did not want to mix it at all, you simply wanted to load it out, and if the Government, set up a standard of 75-25, and graded you No. 4 on that, do you think you could make it stick?—A. I do not know.

Q. You have been in this business for a long time, and have had trouble and appeals along this line; in your opinion could they ever make it stick?—A. If it is graded in as No. 3 Northern, and we could prove that it had not been tampered with, I do not see why we should be penalized on it.

Q. It would not hold up in law—is that your opinion?—A. As a matter of fact, we have had experiences where we have taken cars in on one grade and turned around and shipped them out, but could not ship them out under that grade. We did not take it to law.

Q. You did not take it to law, but you had the privilege of mixing it, in another case—A. That was in a public terminal, where they have no privilege of mixing.

Q. Do you think that a 75-25 grade, would stand up if you ran into a jam such as you spoke of a minute ago?—A. I do not know whether you could make it stick in law or not.

*By Mr. Garland (Bow River):*

Q. You said that in the case of the public elevator you had known an instance in which grain was taken in on one grade, and when you tried to ship it out on that grade you were not allowed to do so?—A. We have had instances of that kind.

Q. I cannot understand how you could do that, with the same inspectors grading in and out?—A. It comes in under the Winnipeg inspection. It would be the inspectors at the head of the Lakes; unless there is some notation against it, they do not sample it. They do not see it when it goes in, and it might not be the same grade at all.

Q. What was the ground taken by the different outgoing inspectors; you allege it was sent out as it was taken in?—A. Yes.

Q. Did they say you had mixed it?—A. No, they did not say we had mixed it, they only said they would not take it, that it was not up to grade.

Q. I never heard of a case like that before.

*By Mr. Donnelly:*

Q. You said your standard this year was practically equal to the 75/25?—A. I have not seen the 75/25, so I do not know.

Q. Do you think it would come up to that?—A. I see no reason why it should not.

Q. If we ever set up the 75/25, conditions will practically continue as they are this year?—A. I think so. You must understand there is very little mixing done this year.

Q. The other proposition—we have two propositions before the Committee practically speaking; we are unanimous, I believe, in regard to mixing, to eliminate it. One is to do away with it entirely, the other is to make it as small as possible. The idea is that the 75/25 will lessen the evil of mixing, to a great extent. The other is to eliminate mixing entirely by statute and to put on a 75/25 standard as well as the outgoing standard, in order to prevent the private elevators putting all the tops of the grades in one bin, and the bottoms in another, not having a uniform cargo; putting the straight grades together in the bin under public elevator conditions, and then putting all the off-grades, all the rejecteds in another house entirely, a hospital elevator, and having them treated and sold out of that. If you were running an elevator operating straight grades, would that interfere with you at all in the binning of your straight grades?—A. It is hardly likely it would.

Q. You would have none of the rejecteds whatever?—A. No. If you had all the straight grades under one roof and the rejecteds under another, you could not do any **mixing**.

Q. Would there be any difficulty in keeping to the 75/25 then?—A. There is a possibility you might run into a cargo that was at the maximum and another that was at the minimum.

Q. But if you were getting all your wheat in in that way, you ought to get somewhere near it?—A. It should run very well. The difficulty would be in putting all the off-grades into the private houses. We would have nothing to do with them except to ship out a sample cargo when we could.

Q. The idea is to put them into these six or even twelve minimum grades, then treat them, clean them, scour the smutty grain, clean up the off-grades, ship them out and sell them for what they would bring?—A. In the public terminals, where we take flax in, we have a very large amount of mixtures coming from that flax. We have I suppose in the course of a year one hundred grades taken out of this flax; there is wheat, oats, rye, barley, mixtures of all kinds. I do not know what we would do with them, in a case of that kind.

Q. Suppose that this year you were prohibited mixing hard spring wheats entirely, do you think there would be any difficulty in regard to that?—A. From an operative standpoint we could do it with them.

Q. Do you think there would be any difficulty?—A. The only difficulty would be, the tying up of space, as far as the handling proposition is concerned.

*By Hon. Mr. Malcolm:*

Q. I would like to ask a question with regard to the dissatisfaction that exists among the producers this year on grades. It is admitted that the out-turn grades from your own elevators at the head of the lakes at least satisfied the British market this year. The report of the Liverpool Corn Exchange to which I referred a moment ago indicates that the grades had gone over in a manner satisfactory to the British buyer. You have said that the out-turn standard this year which was arranged on the composite sample, was in your opinion approximately the same as the out-turn would be if the 75/25 standard were set, have you not?—A. What I said was that on account of the very small amount of mixing we have been doing in our house this year, under the 75/25 sample, I do not see that there would be very much difference. I cannot see where there could be very much difference.

Q. It would be approximately the same standard to which you worked this year?—A. Yes.

[Mr. P. McCallum.]



Q. What I would like to know is this, the setting of these standards this year has caused dissatisfaction among the producers, has it not?—A. Well, I have heard so.

Q. We have two things to consider as a Committee, Mr. McCallum; first, to set up a standard that is the average of the grade, and to arrive at a method of so doing; secondly, we have to see that the producer gets fair treatment in the country. It would not be desirable to set up a standard would it, that was so high that in order to arrive at that standard at the public terminals shipping grain or at the private terminals shipping grain from the head of the Lakes, it reflected back on the producer; that would hardly be fair?—A. No.

Q. You are an elevator operator, and I think your opinion is of great value to the Committee, because whatever standard we set we do not want to injure the producer in the country in our desire to give a more satisfactory standard to the buyer. I would like to know from you what would be the reaction in the country if we set the standard too high; what would be the general effect in the country elevators if the standard were set too high?—A. As I see it, there would be no necessity for setting the standard any higher back in the country. You are taking the 75-25 to make your outgoing standard.

Q. I hardly think you see what I am coming at, Mr. McCallum. You admit there might be a time when the run of the cars would be too close to the minimum, do you not?—A. Yes.

Q. And if that run of cars got into one house, that house could not turn out the 75-25?—A. Yes.

Q. If you faced an embarrassing situation like that, what would be the natural word that would go out to the country?—A. Well, of course in all probability they would have to change.

Q. Would not the natural deduction be—I am not speaking of the pool operations particularly, but of all operations—that these men would send word back to the country, "You are not grading hard enough, we are getting too much minimum, we cannot get out 75-25." Would not that probably happen?—A. Yes.

Q. Do you think that over a period of years it will be possible for you to work to that 75-25 standard, or is it too high, bearing in mind what you said, that the 75-25 is about the same as this year's out-turn standard, and that this year's out-turn standard was so high that it created dissatisfaction in the country? Can you give the Committee your opinion on that?—A. Well, I do not know. You see this year the grain going out of our private elevators at least is practically the same as out of the public terminals. It is the average run of the grain as we get it, and it must be, I would imagine, fairly well up to that 75-25 sample.

*By Mr. Garland (Bow River):*

Q. It would be, if you were not mixing?—A. I cannot see that it would be otherwise.

*By Mr. Ross (Moose Jaw):*

Q. Last year was a good year for mixing?—A. Yes.

*By Hon. Mr. Malcolm:*

Q. I would like an answer to that question. What do you think the reflection would be, if we set the out-turn too high?—A. I do not know how to answer that.

*By Mr. McMillan:*

Q. You have no information as to prices?—A. No. We have nothing to do with the selling prices at all.

[Mr. P. McCallum.]

*By Mr. Donnelly:*

Q. Is there any complaint in the country about the out-turn standard?—A. I do not know anything about that.

Q. The country may complain of the grade being too high, but that is made at Winnipeg, and they do not know anything about the out-turn at all.

*By Hon. Mr. Malcolm:*

Q. The trouble is that to arrive at this out-turn standard the grading would be more severe at Winnipeg or in the country?—A. I cannot see it.

Q. I may be wrong in my deduction. What I am trying to arrive at is, whether in your opinion too high an out-turn standard would reflect itself back in severe grading in the country in order to get grain that would grade up to that standard?—A. I cannot see how it would.

Mr. GARLAND (*Bow River*): To do that, Mr. Malcolm, will it not be necessary to change the standard?

*By Mr. Donnelly:*

Q. If there was any complaint in the country about grades this year, would it not be on account of the grades coming into Winnipeg; if there is any complaint, it is on account of the standard by which they are graded?—A. On the out-turn standard of 75/25 we would have to have the average of that grade anyway.

Q. You have seen the composite sample?—A. Yes.

Q. Do you go by that at all?—A. It is merely a guide.

Q. You have also the average from the public terminals?—A. We know what they are pretty well.

Q. Have you the sample before you when you are grading your mixtures?—A. No, we do not see them.

Q. Have you the standard set at Winnipeg?—A. Yes.

Q. You have that in front of you?—A. Yes.

Q. You practically have the three?—A. We do not keep any samples of grain from the public terminals.

Q. You have had appeals?—A. We have had some.

Q. What did they use?—A. I understand they used the standard sample.

Q. It is supposed to be the average in the public terminals?—A. The average in the public terminal bins.

Q. You have three, the composite sample, the standard set at Winnipeg, and the average from the public terminals?—A. Yes, nevertheless, they have to grade out on the standard sample.

*By Mr. Ross (Moose Jaw):*

Q. I started to ask a question some time ago. You said last year was a good year for mixing?—A. Yes.

Q. Did you mix a lot of grain last year?—A. Yes.

Q. Reports came back this last year from the Old Country that our grading was not holding up to standard, that our grain was not as good as it had been. You say that this year you can do very little mixing?—A. Yes.

Q. Practically none?—A. Practically none.

Q. Mr. Malcolm makes the statement that Liverpool is very well satisfied with the grades that came over this year, and I think that is right. You said in your evidence a moment ago that it would be pretty hard to prohibit mixing altogether by law, that it would give you a lot of trouble?—A. Yes.

Q. But this year Providence was good to us and fixed it so that you could not mix, therefore Liverpool is very well satisfied, and practically the average of the grade is going to Liverpool. They are satisfied over there, and they are willing to pay the prices for our grain, whereas last year when you could mix,

it was a good year for mixing, but they were not satisfied; there were a lot of complaints about grading, that our grain did not come up to the standard. Evidently it is better not to have our grain mixed than to have it mixed. Maybe Providence has intervened, but when Providence does not intervene we are in better shape than we were before.

Mr. McMILLAN: What is your question?

Mr. Ross: I was simply asking a general question with regard to the fact as to what we have had last year and this year and drawn my deductions therefrom, and I think my deductions are correct.

*By Mr. Garland (Bow River):*

Q. Mr. McCallum, Mr. Malcolm cleverly drew you along a certain line; he spoke about the 75-25 requirement, if we make that requirement, and then suggested that because a certain number of cars coming in from a certain district your outgo might not be able to level up to the 75-25 requirement, and there might be a demand back in the country to stiffen up the grade, because they were getting too much of the maximum and too little of the minimum of the grade. If that were possible under the 75-25, would it not be possible and even probable, if you eliminate the mixing of those straight grades?—A. Yes. I do not see how it would affect it more one way than in another.

*By Mr. Ross (Moose Jaw):*

Q. As your grain comes in, it has to be graded at Winnipeg, has it not?—A. Yes, the bulk of it.

Q. What bearing would the grain coming into the Fort William elevators have on grading back at the country points?—A. I do not know that it would have any.

Q. The Honourable Mr. Malcolm went on to show that if these grades were coming in—

Hon. Mr. MALCOLM: No, I did not show, I asked a question.

*By Mr. Ross (Moose Jaw):*

Q. I would like to ask you this question: your grain is all graded at Winnipeg, therefore the country elevator has nothing to do with it, with how much grain comes near the minimum or near the maximum?—A. No, they have not. It is Winnipeg grading.

Q. Would that reflect in the price back to the buyer at the country elevator; it would not reflect any grade back there, would it?—A. I do not know as it would.

*By Mr. Vallance:*

Q. In other words, as an operator of an elevator do you get more above the minimum of the grade than on the minimum grade?—A. More above the minimum than on the minimum.

Q. Yes, because the operator in the country will take no chances on a line grade; he will put it down a grade lower, rather than take chances, which proves that your elevator must at least put out a better average than if they were allowing all the minimums to go in. I am asking the question because Mr. Malcolm intended to point out to you that your out-turn standard would reflect back in the country. I have been twenty-three years growing wheat, and I know they do not grade on the line?—A. As far as the country elevator grading is concerned, it does not matter to us. We have to go according to the Winnipeg grading.

[Mr. P. McCallum.]



*By Hon. Mr. Malcolm:*

Q. I will try to mak it more clear. I am asking the question because the evidence submitted by Mr. Murray, of the United Grain Growers. Mr. Murray said they got cars occasionally that were graded too high. Do you have that experience?—A. We have had.

Q. That would show that the Winnipeg Grain Exchange was not only grading down to the minimum, but were grading below the minimum, that they occasionally have cars going to Fort William that are too high?—A. We have had them both ways.

Q. Mr. Murray said they did not make any objection, that they did not appeal those cases in the rush of the season, because they had some cars coming as you say above the grade. What I am fearful of, if you find a difficulty in keeping to this standard, you would have to complain to Winnipeg about all these cars, and not take in a single car that was graded too high. If you found it difficult to maintain the out-turn standard, you would naturally be more severe on the Inspection Department if they over-graded any car?—A. We would have to see that they did not over-grade.

Q. You would complain about over-grading, and if you could prove your contention, that it was over-graded, the man back in the country would have to take a lower grade on your appeal against that car. That is the point brought up on previous evidence?—A. Well, we would naturally have to see that the cars were kept not graded too high, not over-graded.

Q. You will admit that if you did do that, and did appeal against the cars graded too high, it would reflect back to the producer?—A. They should not overgrade them.

Q. Quite so, but if they did?—A. There are cases.

Q. And if they did, it would be reflected back on the grower?—A. I do not see that it would. The government set the standard, and they are not supposed to overgrade the standard.

Q. But it would lead to a tightening up of the inspection department at the request of the terminal elevators, the terminal elevators desiring to maintain the standard set by this Committee or by Parliament?—A. It is fixed now.

*By Mr. Ross (Moose Jaw):*

Q. There is as much under-graded as over-graded. Mr. McCallum, in regard to all this controversy here, we started out with the idea that if the cars came into your elevator close to the minimum of the grade, it might be reflected back to the country buyer. As far as you are concerned, it does not make any difference whether at your country elevator it is graded One Northern or Feed wheat?—A. No.

Q. It is always graded at Winnipeg, and it would not be reflected back to the country buyer, no matter how it was graded, as far as your elevator is concerned?—A. No. I see Mr. Malcolm's point of view. If we keep coming to the Inspection Department, and complain of over-grading, they will perhaps grade a little lower.

Q. All that has only to do with Winnipeg?—A. Yes.

Q. It has nothing to do with the country elevator?—A. We have nothing to do with the country elevator.

Q. Whatever the grade at Winnipeg, it does not reflect back to the country elevator?—A. Not that I know of.

*By Mr. Donnelly:*

Q. You do not know whether the country elevator maintains the grades or not?—A. I do not know anything about the country elevator.

[Mr. P. McCallum.]

Q. In regard to the 75-25, suppose we put that as a standard for the outgoing grades, what about our public terminals? Would it not be possible for some private line companies to ship all the high grades like the maximum of each of the grades into their private terminals and the minimum of the grades into the public terminals?—A. I would imagine the public terminals would have to live up to the same standard.

Q. How would you like to be running a public terminal, if that were done?—A. I would object to it.

Q. Could they refuse to take it; the public terminals could not refuse it?—A. They might not.

Q. How would you be able to keep your standard of 75-25 at the public terminals, if a condition of that kind arose?—A. If you get nothing but the minimum you cannot maintain it.

Q. If you got nothing but the minimum in, you would not be able to do it, of course; you would not like to be running a public terminal, if that condition arose?—A. No. That is a condition you are not apt to get.

Q. You are not apt to get that condition?—A. I do not think so.

Q. Do you not think the private elevators are apt to get the tops of the grades and put them into their own, sending all the minimums to the public elevators?—A. I do not think so.

*By Mr. Garland (Bow River):*

Q. If mixing were abolished in the straight grades would the same not hold good? Would it not be likely that those who wanted to ship line grades, would ship them to the public elevators, and reserve the best for their own private elevators? If you have the abolition of all but the straight grades, is it not likely that the publics will get a run of light grades?—A. There is a slight possibility.

Q. You have already yourself stated that so far as your own public is concerned you remember on several occasions you have had difficulty in getting the outgoing grade the same as the incoming grade.—A. On odd cars.

Q. And that would be as likely to continue?—A. There is a possibility to a small extent.

*By Mr. Donnelly:*

Q. There would not be very much of that?—A. No, and I do not think the difficulty would be very great.

Q. Mr. McCallum, what do you do with cars which come too full to your elevator for their inspection at Winnipeg?—A. They are inspected at the elevator.

Q. Do you unload them at night?—A. We unload them at anytime they come in, day or night.

Q. Do you grade them yourselves?—A. If they are unloaded at night, the samples are kept by the Government Inspector until the next morning at daylight.

Q. How do you bin them?—A. We put them in the bins with the provisional grade which is given. Some of them we have to hold.

Q. Do you have many coming in in that way?—A. Very few we have to hold.

Q. Do you find that you make many mistakes in putting them into the bins?—A. There are a few, but not many.

Q. There must be many cars coming in with the seals broken?—A. No, I know nothing of that.

[Mr. P. McCallum.]

Q. You do not know how many cars come in to you with seals broken—A. No.

The CHAIRMAN: Any further questions, gentlemen? Thank you. Mr. McCallum.

Witness retired.

The CHAIRMAN: Gentlemen, I think that closes our list of witnesses until Friday, when Mr. McIvor will be here. Tomorrow Mr. Brett and Dr. Harrison will be here on barley grading. Inasmuch as the Committee has already had a session on barley and has drawn up a recommendation for new grades, I would suggest that we ask Dr. Harrison and Mr. Brett and Dr. Newman and Mr. Fraser to go over our recommendations and make any changes that they think advisable and then submit them to the Committee afterwards. We have had a very fair discussion on it, and I think we will save a lot of time if they would make the changes they suggest and then come before the Committee.

Hon. Mr. MALCOLM: I just had a suggestion from Mr. Milliken, of the Saskatchewan Pool, that Mr. Steele, who is the expert on the Saskatchewan Grain Commission, and who has been working for some years with the Pool, would be of very valuable assistance to us with evidence on the outturn standard of wheat, and I would like to suggest to the Committee that Mr. Steele be called as a witness.

Mr. BROWN: Is Mr. Steele here?

Hon. Mr. MALCOLM: No, it would take him a week to get here. He might be called near the close of our hearing. It might be very interesting to have a man of Mr. Steele's experience to give us the benefit of his advice.

Mr. DONNELLY: What further witnesses have we to come before us on wheat?

The CHAIRMAN: As far as I know, only Mr. McIvor and then, of course, the Grain Commissioners.

Mr. GARDINER: Have you had any reply, Mr. Chairman, to the invitation to any other gentleman representing the trade?

The CHAIRMAN: No.

Hon. Mr. MALCOLM: If the Committee would like to hear somebody from the trade, Mr. Rathbone, the secretary of the Board of Grain Commissioners, suggested to me that Mr. Frank Ross, now of James Richardson & Son, Limited, who was formerly superintendent of the Saskatchewan Pool elevators at Fort William, would make a very good witness.

Mr. GARLAND: I think it is essential, Mr. Chairman, that we should hear at least one witness from the trade.

The CHAIRMAN: We had Mr. Gillespie, who represented the trade.

Hon. Mr. MALCOLM: He was sent by the Winnipeg trade.

Mr. VALLANCE: After listening to Mr. Murray, representing the United Grain Growers, I thought Mr. Murray gave a fair exposition on behalf of the trade.

Mr. GARDINER: I understood, Mr. Chairman, that there was an invitation to be sent to the Winnipeg Grain Exchange, inviting the trade to send a witness here, in order that they would not feel that they were not being left out. We realize the possibility of what they might do when this Bill reaches the Senate.

The CHAIRMAN: I understood that they sent Mr. Gillespie.

Mr. GARDINER: That was since Mr. Gillespie was here.

[Mr. P. McCallum.]



Hon. Mr. MALCOLM: In order to bring it to a head, I would move that Mr. Ross, who has had experience at the head of the Lakes, through his connection with the Saskatchewan Pool, and Mr. Steele, the expert on grain for the Saskatchewan Commission, be summoned for next week.

Mr. VALLANCE: The only question is would Mr. Ross be acceptable to the Grain Trade itself. It might be thrown back to the Committee again that this witness does not represent the trade.

Mr. DONNELLY: I think it would be better, Mr. Chairman, to write to the trade itself and ask that they send a man, and suggest Mr. Ross; if they send him allright.

Hon. Mr. MALCOLM: I am quite agreeable, Mr. Chairman. I have no idea, of pressing for Mr. Ross, except that I think he would be a good man, and that having had experience with the grain trade at the head of the Lakes he would make a very good witness.

The CHAIRMAN: Then I take it that the Committee would like us to ask for Mr. Ross through the grain trade?

Mr. VALLANCE: Yes.

The CHAIRMAN: That will be done. Does the Committee expect to take any length of time with the Board of Grain Commissioners.

Mr. BROWN: We have our barley sitting to-morrow?

The CHAIRMAN: I suggest that we allow these officers to revise the recommendations made at our first meeting and submit them again to us.

Mr. DONNELLY: We are getting well on into the session and we should be preparing to get in our final report. We should be prepared to close this hearing by next Wednesday or Thursday at the latest, and get through our witnesses by that time, if we hope to get anything through the House this session.

Mr. BROWN: We cannot delay much longer.

The CHAIRMAN: Then will the Committee meet on Monday, and we will ask Mr. Steele and Mr. Ross to be here on Monday. After that we will take the Board.

Mr. GARLAND: Is there any objection to the Sub-committee meeting?

The CHAIRMAN: I cannot see much advantage in having the Sub-committee meeting until we get through with these witnesses. I think we will make just as much progress if we wait. I am in the hands of the Committee in that respect.

Mr. DONNELLY: Carried.

The CHAIRMAN: What about the barley, do you wish to meet these men to-morrow?

Mr. DONNELLY: Yes, and get it over with.

The CHAIRMAN: Very well, we will adjourn until 11 o'clock to-morrow.

The Committee adjourned until Wednesday, May 15, 1929, at 11 o'clock.

## HOUSE OF COMMONS,

FRIDAY, May 17, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. W. F. Kay, presiding.

The CHAIRMAN: Order, gentlemen. We have Mr. McIvor, who is the General Sales Manager for the Pools. I think Mr. McIvor has a statement prepared, and I will ask him to take the stand.

GEORGE H. McIVOR called and sworn.

The CHAIRMAN: You might proceed, Mr. McIvor.

The WITNESS: Mr. Chairman and gentlemen, I do not know exactly what is required from me, but I think perhaps if I give you an outline of the work I am responsible for, it would give you some idea of the questions you might want to ask me. I am in charge of the sales of the Canadian Wheat Pool, which is the combined pools of Alberta, Saskatchewan and Manitoba. Our work is selling the wheat and the coarse grains for the three provinces. As you probably all know, this wheat is turned over to us by the provincial pools for sale, and we sell it in the domestic and export markets, and make returns to the provincial pools, who in turn make the necessary returns to the farmer.

If I understand the matter in which the Committee is particularly interested, it is the question of mixing. I will be glad to give you any ideas I have upon that subject. I might say our organization is also very much interested in this question, and naturally quite concerned as to whether we can get more money for the producer by the elimination of mixing, or more money for the producer by mixing and selling the grain that is mixed, in the world's markets.

As you know, the suggested basis that has been made to you by the three provincial pools is a 75-25 basis. I understand that our inspector, Mr. Steele, will be with you next week. He is an expert on grading, and if you have any questions to ask him in regard to grading I would suggest that you leave those questions until Mr. Steele arrives, because our work is taken up after the grain is loaded out from the terminals, and our job is to obtain the best money we can for the grain that is delivered to us.

Now, the question of our viewpoint towards mixing or non-mixing is an important one. I might say that the thing that interests us most is, to get as much money as we can for the producer; that is what our job is, and that is what we are always trying to do. We have the producer in mind, first and foremost when selling our wheat. Of course, as you realize, we have also to satisfy the buyer, which is probably in itself just as important.

You are all probably aware as to how other countries sell their grain. Australia and the Argentine, as you know, sell on what they call the F.A.Q. basis; that is, fair average quality. That is, the cargoes are sent forward after samples of the crop which are fair average quality samples have been sent forward to the leading markets of the world, and the cargoes naturally follow. If a cargo received on the other side is not up to the sample, there is usually an arbitration. If it is superior to the sample, the seller on his part might call for an arbitration. In most cases, however, the arbitration is held by the buyer, who is disputing the cargo of grain as being not equal to the sample, and it results, I might say, in a great deal of confusion and a great deal of difficulty that we do not have in the marketing of our crop.

[Mr. George McIvor.]

One thing I would like to make very plain to this Committee, from our standpoint, is the value we place on the Canadian certificate. The Canadian certificate is the document on which our crop is sold. In 95 per cent of the cases the crop is sold before reaching the overseas market, and it is sold on the Canadian certificate. I have a contract in my bag here, which is the contract of the London Corn Trade Association. Under that contract full provision is made for the delivery of grain under a Canadian certificate, and one very definite part of that contract is the section which says the Canadian certificate is final. In other words, the point I am making is that without having that Canadian certificate we perhaps would be subject to claims after the shipment is received in the importing markets. The miller in grinding a shipment might not have the results which he expects, and he on his part might make a claim on us, claiming that his wheat was not up to some other shipment he has had, or something of that kind. Our reply is, "Here is the Canadian certificate, which we deliver to you and which is the final document in regard to our transaction." So that we cannot emphasize too much how important a part the Canadian certificate plays in the marketing of our wheat.

There is another point I would like to make clear, and it is this; if our cargoes were in each case sold directly to the millers, our problem would perhaps be more simple than it is at the present time. In many cases it is. For instance, we do a large business direct with some of the British millers, the largest of the British millers; we sell them a considerable percentage of our wheat. In that case it is a straight transaction between us and the consumer, the consumer in that case being the miller. We also do a large business with French millers, German millers, and so on. In most cases, the sale is made to the miller, and the wheat does not come back on the market. In other words he takes the wheat and grinds it, although he might in some instances resell the grain and purchase wheat from some other country in its place. But in many cases transactions are made between the seller on this side and a dealer on the other. In that case the cargo might change hands three or four, and I have heard of even six times, before it finally gets to the miller. Take the case of a rising market; the dealer will buy at first hand, and if the market keeps on advancing he sells probably at a discount on the first hand, and if the market again advances, the man he has sold to again resells, and so on. That is the way the process goes on. So that there is a certain difficulty in regard to the interchange of that certificate, but the fact that the certificate is final assists in the sale of the grain and the transferring of the certificate from one hand to another.

Now with regard to mixing and not mixing, I am personally of the opinion that if mixing were prohibited, the sample that we would send out would not be uniform. At times, you would have perhaps a very good sample of grain, at other times the sample would not be so good, and what I am afraid of is that the buyer on the other side would buy on the basis of the poorest sample he obtained. In other words, we will say he got a shipment of No. 4 wheat which was not quite up to the average. The chances are that when he again purchases a cargo of No. 4 wheat he would have in mind the original cargo he had purchased and perhaps ground into flour, and in fixing his price he would have in mind that original cargo, whereas the next cargo he received might be infinitely better. He perhaps might purchase a further cargo, and on receiving the third cargo would again be disappointed, having in mind perhaps the second cargo he received, when he made the purchase, and he would be disappointed with the quality, and that process would go on. I think one of the most important things that we should consider is the question of uniformity in our shipments. If we can send out a uniform sample of wheat, provided it is a good sample, the best that we have, I think the buyer on the other side is going to be satisfied. I would see no objections to raising the standard as high as possible out from our ter-



minals. You have already had evidence from the terminal men. You will probably have further evidence from Mr. Steele on what can be done in this regard. They are experts in this matter and they should know. But, as far as we are concerned as salesmen, we would be of the opinion that he should receive the best possible standard that he could get from the terminals. I believe this is more important than anything else in the marketing of our wheat. I believe that the buyer on the other side pays exactly for what he gets, having in mind other factors. For instance, we might have very strong competition from the Argentine. If he could buy their wheat cheaper, and if it suited him as well, he perhaps would not be so inclined to pay up for our wheat. But take, as an example, our No. 4 wheat this year, which is undoubtedly of good quality. The spreads on No. 4 wheat last Fall were fairly wide, even after the standard samples had been sent over to the buyer on the other side. But after he had obtained some of this grain and had ground the wheat and had got results from it, he was more inclined to pay up for this grade, with the result that we had a narrowing up of the spread between 3 Northern and No. 4, until today the spread is very narrow, and he is a good buyer of No. 4 at the narrow spread. That convinces us that he sees the merit in the No. 4 grade as compared to 3 Northern, and is prepared to pay up for it.

There is one feature that perhaps we should not overlook, which is that wheat to-day is a very competitive article, perhaps more so than at any time in the last ten years. The world's crops are getting larger, and Argentine is competing very strongly with us for the export markets. Our man in the Argentine reports that there is an attempt on the part of the Argentine people themselves to keep their standard up, to raise as good wheat as they can. And I think perhaps that the very utmost consideration should be given to the question of keeping our own standards as high as possible.

No doubt from the terminal men you have had considerable evidence as to the difficulties of marketing off-grades of wheat from the terminals, the difficulties of binning them separately, and all that sort of thing. I might say candidly that the quantities of off-grade wheat, in proportion to the total are not large; but I would be of the opinion myself that there would be real difficulties in marketing these off-grades if mixing was eliminated, particularly from the West coast. It would mean that you would have, probably, to send out sample shipments. Now that could be done, no doubt; but it is very doubtful as to the prices you would receive. One thing which we do know from experience is this, that it is a very dangerous thing to consign wheat to importing markets. If you get your shipment over there, no matter how good the quality is, you have transferred the control of the wheat from your own hands to that of the buyer, and they have a very useful habit, to themselves, of being able to bid down, as we call it, on your shipments, once they get over there.

You no doubt would have to consign these sample shipments which you sent forward.

I do not know if there is anything else; I have just gone into the thing briefly, because I realize you have had a tremendous amount of evidence; and I have just outlined it; but I will be very pleased to answer any questions, of course.

*By Mr. Cayley:*

Q. I came in late. What is your position?—A. I am General Sales Manager of the Canadian Wheat Pool.

*By Mr. Garland:*

Q. A previous witness before this Committee made a suggestion based upon the assumption that the Saskatchewan Pool, in particular, was interested in the abolition of the mixing of straight grades, at any rate, and that the ground

[Mr. George McIvor.]

taken by those in the Pool who favoured abolition was that a higher price would come back to the farmers as a whole, as the result of the abolition. And it was suggested by this witness that if the Saskatchewan Pool was sincere in this matter they could very readily experiment, by making a definite shipment of their own on an unmixed basis, and in effect turn their entire handlings for a year into the unmixed class, and so ascertain definitely whether their contentions in regard to a better price were valid or not. What do you think, Mr. McIvor, as a practical salesman, of the practicability of a suggestion of that kind?—A. Well, in the first place, there are certain difficulties, no doubt, in regard to the shipment of your grain from the head of the Lakes to the seaboard. While it is true that you could earmark a shipment at Fort William,—call it any name you like,—and no doubt send it through to the seaboard I.P., identity preserved, I would have grave doubts as to the practicability of doing it in a big way.

Many of you are familiar with the congested condition to-day at Montreal. You could no doubt realize the physical impossibility of preserving the identity of all of this grain, some of it in late steamers ready to be transferred into ocean bottoms, and some of it in the elevators, and the fitting in of all of those shipments would be an impossible achievement, in my opinion, at the present time.

Now, secondly, in regard to the question of shipping forward unmixed grain, you would have to market it, as I see it, in two ways. First of all, you could tell the buyer that this grain is unmixed. But the very fact that he would not have any definite idea as to what the value of the grain is, would perhaps make him hesitate about buying it.

*By Mr. Brown:*

Q. Excuse me, you are speaking now of the conditions which might prevail in case there were no legal prohibition of mixing?—A. Yes, on the point which Mr. Garland has raised. Secondly, you would have the difficulty of consigning it. We have found definitely that it is impossible to weigh the value between selected grain and grain which goes forward under the ordinary certificate, for the reasons which I outlined to you earlier. That is, when you send the grain over on consignment, you transfer the control from the seller to the buyer. That is most difficult.

I am not speaking of a surmise. I know that we as an organization to-day, unless it is absolutely impossible to do otherwise, do not consign any wheat unsold, because we realize that it is an exceedingly dangerous practice. Your loss might be one cent, it might be even ten cents, if you happened to get it over in a congested period when there was a lot of grain on hand.

It is true that on the Pacific coast we have to consign some of the grain. You have to charter bottoms a long way ahead, to get bottoms out there. We have to start long before we get the grain sold, to put it on the market.

Now one point is that on the Pacific coast you have much better protection than on the Atlantic. You can send your grain out for orders to the Azores. You have a charter party with the owner which permits you to send it to some twenty-five or thirty ports. If you do not have a demand in one port, you can get it in another. But on the Atlantic, where you have only a short shipment, it is an exceedingly dangerous practice.

Q. I think perhaps Mr. Garland limited his question too much, as he limited it to Saskatchewan. Put it this way, should the Pool as a whole desire to adopt the practice of shipping unmixed grain, would the same arguments apply?—A. Yes.

*By Mr. Garland:*

Q. My object in limiting it to the Saskatchewan Pool was that the witness stated that the Saskatchewan Pool, because of its terminal facilities, was in a better position, in fact in a perfect position, as he averred, to try out this experi-

[Mr. George McIvor.]



ment and prove its own contention. However, I think perhaps your statement has probably dispelled any such views which the Minister might have had. If mixing were prohibited here, would it possibly lead to mixing at Buffalo or other United States ports?—A. No, I do not think it would. Do you want me to enlarge on that?

Q. Yes, I think so.—A. I might say that from our observation, as far as our grain is concerned, we have never observed any mixing at the Atlantic seaboard or at Buffalo. The grain goes through for customs purposes I.P., identity preserved, from Buffalo to the Seaboard, and we have never observed any mixing to our knowledge.

*By Mr. Ross (Moose Jaw):*

Q. If mixing were abolished, or if we raised our standard of wheat, would it make any difference to your handling of grain if we only allowed the Canadian Certificate final to Canadian ports?—A. That is, you would entirely eliminate shipping through American ports?

Q. With the Canadian Certificate final. If we just followed our own Canadian Certificate through our own ports, and would not allow our Canadian Certificate final through American ports.—A. At the present time, I think that would be a mistake. In the winter time, of course, your Canadian eastern ports on the St. Lawrence are closed. You have available to you the ports of St. John and Halifax, which are very good ports; but that is not your real problem. Your real problem is the question of ocean bottoms. For one boat which you would have at the Canadian ports, you perhaps would have twenty at the American seaboard. And in the marketing of the wheat you have to transport the grain to where the buyer wants it; and during the winter season we figure on supplying the demand largely through the American ports plus shipments from Vancouver. It would be a very dangerous practice, and would undoubtedly react against the producer, to limit the Certificates in the way suggested.

Q. Mr. McIvor, you say that we have considerable competition now from the Argentine. In selling their wheat on fair, average quality, is that a standard of all their grain which comes in for that season?—A. Yes.

Q. With what grade of ours does that compare?—A. We always figured F.A.Q. Argentine wheat as comparable to our No. 3 Northern, but this year I might say—I will outline briefly what has happened to their wheat. When they first started to market their crop they started on a price comparable to our No. 4, but the wheat came out in great volume, as much as 10,500,000 bushels in a week, and a great deal of that was unsold, and when the wheat was offered freely—we know, as a matter of fact, of one car which was sold at 2½ cents under our No. 5 price—but whether it was poor marketing or whether our No. 5 is comparable to their wheat this year, I am not certain, but I believe it was more the question of too much wheat being offered for the market. The impression we have from the millers on the other side is that this year their wheat is a split between No. 3 Northern and No. 4.

Q. In connection with your selling; since the central selling organization was formed you have more or less started a new system of selling wheat in Europe?—A. Yes.

Q. Do you think that on account of starting this new system some of the old commission firms and brokers in the old country are more or less bucking you in trying to sell the wheat of other countries in competition with yours?—A. I do not believe that, for this reason, that we have our own agents there. In England we have our own office which works largely directly with the millers. In Paris we have our own office and on the Continent we have in every city of size our own agent who is working for us, and is paid a commission on the volume of business he does, and it is very important to him—and we feel satisfied—that they are working very hard to sell our wheat.

[Mr. George McIvor.]



Q. You have local agents there through which you deal?—A. Yes. We have our own offices in London and Paris; we have four agents in Germany, four in Scandinavia, one in Spain, one in Portugal and two in Italy, who work entirely with our own office and cover every important centre, working directly with the mills.

Q. Are these men who were in business there before working on a commission, or are they your men paid a salary?—A. I might say that on account of the volume we handle we considered it advisable to make our price the same to every one on the same day. I want to make myself clear because that statement does not cover it. A man in Glasgow on account of the freight being 3 pence higher than London would pay more than the man in London, but as far as the basic price is concerned it is the same to every one on the same day, whether he lives in Tokyo or Hamburg. That is the basic price. The different charges are taken into account. So far as our agents are concerned we make a net price to them. They work on a margin of profit which naturally has to be small, and it usually runs from 1½ pence to 3 pence a quarter, which would be from one quarter to half a cent a bushel.

Q. You said in your evidence a moment ago that the buyer in the Old Country pays for what he gets. If our outgoing standard from our terminals were raised too close to the average of the grades would that have the effect of raising the price for that grade in the Old Country or in the European markets, and would that be reflected back to the producer in this country?—A. I would like to answer that question in rather a broad way because I can only express an opinion. We do not know until it is tried. The position of the pool farmer to-day is this, that the mixing profits are turned back. Whether he would be better off as a pool farmer by not having the mixing profits and raising the standard is a very big question, but following along that argument I did put it that the buyer on the other side pays exactly for what he gets, and I would be of the opinion—I can only express it as an opinion, because we do not know it until it is tried out—that a pool farmer perhaps would not have the profit that he has in mixing but if the standard were raised I believe he would get a better price.

*By Mr. Vallance:*

Q. Mr. McIvor, Mr. Garland pointed out to you that we had a witness before this Committee on a previous occasion who had pointed out to the Committee the position the Saskatchewan pool found themselves in, whereby they could make possibly trial shipments of unmixed cargoes, and you replied to that. If we were able to abolish mixing by statute, would you still give the same reply, if all the wheat was moving in an unmixed condition, rather than the portion sent forward by the Saskatchewan pool?—A. No, I would not give the same reply, Mr. Vallance. I think that really opens up another question. I think if the mixing were abolished the problem of getting the wheat forward to the seaboard would probably not be any greater than it is to-day, except in so far as your off grades are concerned. As I see it, if you abolish mixing you would ship out 1 Northern from Fort William the same as you do to-day.

*By Mr. Brown:*

Q. Your answer to that was lack of uniformity.—A. I think that is the main point, so far as I can see, as a salesman.

*By Mr. Vallance:*

Q. If the out-turn standard were set, I think at least those of us who are talking in favour of total prohibition—

Hon. Mr. MOTHERWELL: Of mixing.

*By Mr. Vallance:*

Q. Total abolition of mixing—when we prohibit mixing we also want to make an out-turn standard because we see evils which would creep in if we did not do so.—A. I think you had better obtain whatever information you can with regard to that from the terminal men and the inspectors. I cannot speak with authority on that. It is entirely as to the feasibility of doing it.

*By Mr. Bancroft:*

Q. In pointing out the difficulties in making a shipment of unmixed grain through the St. Lawrence route, would it be a greater difficulty to keep separate two shipments, one labelled 3 Northern and the other labelled 3 Northern Unmixed, than it would to keep separate two shipments, one labelled 3 Northern and the other 3 Tough?—A. No. The volume would be perhaps ten to one, ten of 3 Northern to one of 3 Northern Tough, and if you had the crop provided you would probably have five in each.

Q. Would that increase the difficulty?—A. I think it would.

*By Mr. Donnelly:*

Q. I understood you to say that the English pay for what they get. In other words, when we set our standards in the Fall of the year and send our standard samples over there, they pay for the wheat they are supposed to get from the samples under those standards. Is that right?—A. As a starter.

Q. And as the crop goes on he finds out what he is getting, and that he is getting better wheat, and he pays a better price?—A. That is my understanding.

Q. The English buyer pays for what he gets under those standards?—A. Yes.

Q. Now, if we set a standard of 75-25 we would be raising our standard?—A. Yes.

Q. And you think we would be getting a better price in the world's markets for it?—A. As an opinion, I believe you would, yes.

Q. You believe that in that case our shipments would be fairly uniform?—A. They should be.

Q. Supposing we did away with mixing entirely and we put in also a proviso that it must be 75-25 of an average going through our inspection point, would it not also be uniform?—A. Provided it is practicable.

Q. We will take a standard of 75-25 and take all the grains going in with no mixing. In that case our samples would be uniform under the 75-25 and under the anti-mixing?—A. If you insisted on 75-25, whether you abolished mixing or not, it would have to be uniform.

Q. We believe we would have to have a standard if you did away with mixing because we can see that it would be impossible to segregate the grain, the highest in one elevator and the lowest in another, and you would have one standard coming out of one elevator and another standard out of another.—A. Your point is, if they abolish mixing?

Q. Yes.—A. I think that is perfectly true. Take for instance the Manitoba wheat pool obtaining their wheat from Manitoba which has entirely different characteristics from that of Saskatchewan. When you put that wheat out from the terminal you will have an entirely different wheat from that going out of the Saskatchewan terminal.

Q. You have the same thing from the Pacific coast?—A. No, your quantity of Saskatchewan shipments in relation to the whole is so small that you do not have the same thing.

Q. And you have a different variety of wheat going from the Pacific coast than from the Atlantic?—A. That is perfectly true. Of course, that is segregated in the minds of the buyers.

[Mr. George McIvor.]

Q. You say that probably the pool farmer would not benefit very much, or not as much as the outside farmer, with which I agree, but on the other hand, if mixing were done away with do you not think the farmer would get more for his wheat in the increase in price of the different grades?—A. Personally, I think if mixing were done away with your greatest problem would be the lack of uniformity in your shipments.

Q. I am putting the 75-25 and that will be a standard which will eliminate the possibilities of lack of uniformity. You would have it just the same if you put a standard of 75-25 as if you do away with mixing and put the 75-25 as well? It is both. We have before the Committee two suggestions, one of the 75-25 and the other doing away with mixing, and having the standard of 75-25, or a higher standard as well. Those things are combined in doing away with the mixing.—A. Of course that is a matter for your Committee to decide, but as I said before you would have to seriously consider the practicability of doing away with mixing and also raising the standard. That is a matter for terminal men and inspectors to answer.

Q. I think we have had evidence to the effect that if the mixing were done away with, they could keep up to the 75-25 and there would be no difficulty in that respect. Now to refer again to this question: referring to the profits made from mixing by the farmer: every year a lot of wheat not handled by the pool which is pool wheat is handled by line elevators from which they do not get that profit.—A. No, the profit naturally accrues to the company handling the wheat.

Q. Yes. Well, there is a lot of profit obtained by the line companies that does not go back to the pool farmer. For example, if I take wheat into the Alberta Pacific and put it through the Alberta Pacific elevator, they take it down and mix it and they get the profit out of the mixing?—A. Absolutely.

Q. And it does not go back to the farmer?—A. No, it does not. I thought I made myself clear on that.

Q. You do not get all the profit from that pool wheat?—A. Oh, no.

Q. So that there is a lot of profit to men from the mixing, that the pool gets for mixing and goes to the men who ship their wheat through line elevators?—A. Yes, sir.

Q. And if mixing were done away with, then they would all share in it equally in the higher price?—A. Any opinion that I have had expressed to me by men that should know, for instance, our terminal men, is if you raise the standard to 75-25, there would not be a great deal of mixing.

Q. I mean to say this, that the increased price would come from a farmer and would be reflected back equally to all farmers through the increased price?—A. Naturally, yes.

Q. Which would probably be as great as he would get from mixing to-day, or probably more?—A. That is entirely a matter of opinion. You have not tried it, and you do not know and you cannot tell until you have tried it. I would be of the opinion, as I said before, that the man on the other side pays for what he gets. I have that in mind very strongly.

Q. With regard to the off grades, Mr. McIvor, how much off grade would you figure there is of the rejected, that is, leaving out the toughs and damps?—A. The percentage is very small. I can give it to you if you want it.

Q. Yes, we would like to have that.—A. Our quantities of rejecteds and smutties, after leaving out the toughs and damps were less than a million bushels, that is, that we have handled this year.

Q. What percentage would that be of the whole?—A. That would be less than one per cent.

Q. The question arises in the minds of the Committee as to whether we should condemn all our good wheats for this million bushels or for this one

[Mr. George McIvor.]



per cent, finding a market for this one per cent of rejecteds, which at the present time is dribbled into our straight grades?—A. Of course, it might be a very serious problem for the man who raised the million bushels.

Q. Yes, it may be, but do you not think it would have the effect of getting them away from raising that kind of stuff?—A. Sometimes he cannot help it. I do not think he wants to raise it, but climate conditions, and one thing and another have their effect.

Q. A lot of it is due to carelessness, is it not?—A. You will have to ask a practical farmer that.

Q. Smut is due to carelessness, working on rye ground and barley ground is due to carelessness, just as much as the other is, and the question before the Committee is whether we should condemn the man who is raising the good wheat for the sake of the careless farmer?—A. I do not believe you will do it if you raise the standard. That is my opinion. As I see it, you can always go all the way if you find it practical to do so. If you raise the standard to 75-25 you will take a real step.

Q. In the right direction?—A. In the right direction, yes.

*By Mr. Coote:*

Q. There is a question that arises out of an answer you gave to Dr. Donnelly, that if 75-25 were the standard it would practically stop mixing. Now, it seems to me that that statement is not quite correct, that we are still going to get rid of off grades through mixing?—A. You are quite correct in that. I meant mixing in a broad way. I did not intend that it would practically eliminate mixing, because we do know that there would not be some of the off grades mixed even if the standard was raised, but naturally there would not be the same quantity that there is to-day.

Q. Well, would not the result be this, that the off grades would possibly be mixed in but they would have to go into a lower grade than they are now getting into?—A. I imagine that the terminal men would be very, very careful under that standard. That is a fairly high standard from all that I can find out from terminal men. It is a pretty good mark to shoot at.

*By Mr. Brown:*

Q. Let us come back to the question, Mr. McIvor, of an outturn standard. Let us suppose, for the sake of argument—and I am a Manitoba man—that the Manitoba wheat is not as good as the Saskatchewan. Let us suppose that the Manitoba wheat, which is earlier than the Saskatchewan wheat, goes into the terminal elevators, and that it does not come up to whatever outturn standard is set. Could the Government refuse to give a certificate for that wheat that had gone into that elevator absolutely unmixed?—A. You will have to ask the Chief Inspector that.

Q. I just asked that question because I want to show you what seems to me to be an absolutely absurd proposition to talk about unmixed grain and an outturn standard, because if you put the grain in unmixed you have got to ship it out as it is. It seems to me that that is not a matter of opinion; it is the soundest kind of logic.—A. I think you are quite correct in that.

Q. Well, if that is correct, if we are clear on that point, then let us cease to talk about the importance of having unmixed grain and an outturn standard at one and the same time. Then, it all comes down to the question of the outturn standard, shall that be high or low? Now, in the judgment of the pools, they think that that 75-25 standard would be a standard that we could attain; would you say that that was higher than the present standard going out?—A. Yes, sir.

[Mr. George McIvor.]

Q. We have to consider it then from the other angle. The producer will find it just that much higher to come up to that standard, will he not?—A. Well, no, I would not think that that should enter into it.

Q. Well, is it not reasonable to suppose that the higher we set the outturn standard, or the higher we set any standard—either incoming or outgoing—the more difficult it will be for the producer to come up to that standard?—A. Well, I do not think you should consider that. I think what you have got to consider is, what standard you can come up to under present conditions.

Q. I am quite satisfied that the higher we raise the standard the more difficult it will be to come up to it for the outgoing or the inward inspection. My own personal view would be that the standard is not a matter of so much importance so much as making sure that we always kept to it. In your opinion, the desirable thing on the British market is that we should maintain our reputation for honest dealing?—A. Absolutely.

Q. The question of standard is not so important as seeing that we always give them what our standard is?—A. Well, as I see the situation—I am speaking entirely from a salesman's standpoint—we should give them the best we can.

Q. We should give them the best we can, so that they will be assured of getting what we promise.

Hon. Mr. MALCOLM: Maintain uniformity.

WITNESS: Uniformity is the strongest thing, as I see it.

*By Mr. Millar:*

Q. You have pictured the evil effects, and your conclusion seems to be based on the opinion that the outgoing cargoes, if mixing were stopped from the public elevators—I will say public elevators now—would not be as uniform as the private elevators. We have had some evidence, not only this year, but in other years, from the Chief Inspector that would rather give a different impression, that they are quite uniform. We have had one good practical demonstration, I think. At the time Vancouver started to handle a considerable quantity of grain there were no mixing elevators there, and cargoes from Vancouver commanded a premium over eastern shipments for a considerable time of five cents a bushel?—A. Mr. Millar, there has been a great deal of talk about the premiums that were received for higher quality wheat. I presume you refer to the year 1923?

Q. Yes?—A. Well, I was with the firm of Richardson that year, and we handled some twenty million bushels of wheat out of Vancouver. It is true that the wheat, in so far as the producer is concerned, did command a premium in many instances of as high as five cents, but actually, from our observation, the wheat sold on the world's market at a price very comparable to that of the Atlantic's, probably a slight fraction over. The premium was made up in the differences saved in the cost of shipping, and the very excellent demand that you had from the Orient, who were prepared to pay a premium over Fort William to get wheat out of Vancouver.

Q. Well, Mr. McIvor, just at that time I sat in at a meeting of the Board of Grain Commissioners in Vancouver, and the Hon. Mr. Stevens and several shippers stated positively there, that the grain not only brought more to the producer but the buyers paid that premium?—A. They paid a premium over the Atlantic, but just a fraction.

Q. They put it at five cents?—A. That is not correct, Mr. Millar.

Q. That is from positive statements before the Commission.—A. I cannot help that.

[Mr. George McIvor.]

*By Mr. Garland (Bow River):*

Q. Mr. McIvor, you have had a good deal of experience in Western Canada. Have you noticed that the earlier shipments, taking a single grade, No. 3 Northern, for instance, were of a higher quality than the later shipments?—A. Do you mean the earlier years, Mr. Garland?

Q. In any single given year, have you noticed that the first shipments that went forward of that year's crop were of higher quality of the grade than subsequently?—A. I did not observe that, Mr. Garland. It may be a fact.

Q. I ask you the question, because the point has been raised on innumerable occasions, that even with the 75-25 outturn standard we would still have difficulty in maintaining uniformity, because the earlier part of the crop usually is higher in quality, within each grade, than the later deliveries, and so any man taking into an elevator in the early part of the season, the general run of the crop would maintain the 75-25 outgo, not only that, but would probably run 85 and perhaps 90 percent of the average passing Winnipeg, but that later on in the season, owing to the lower qualities coming forward, the later threshed wheat would be unable to make that standard?—A. I think you have had evidence from Mr. Bennett on that. He has been responsible for the pool terminals on the coast.

*By Mr. Vallance:*

Q. You would hardly conclude, Mr. McIvor, after listening to Mr. Brown's hypothetical case, and admitting for argument's sake that Manitoba was lower, and that it comes in first, and then hearing Mr. Garland say that the earlier wheat coming in——

MR. GARLAND: No, he did not say that.

MR. VALLANCE: You were supposing that, that we could not arrive at any conclusion from the evidence given, and as for Mr. Brown's hypothetical case, admitting that Manitoba is lower, and considering that Manitoba comes in earlier, and considering that Manitoba perhaps was less than 20 percent of the total crop, why should the 80 percent in other portions of the wheat growing country be submitted to Manitoba's situation?

MR. BROWN: That again is simply an unfair misuse of my argument.

HON. MR. FORKE: In speaking about the wheat that is marketed early, in my experience in marketing my own wheat I have often thought that the wheat that was marketed in the end of September would grade much better than the same wheat marketed in the beginning of November. I think I am quite sure of that, because I have threshed the wheat by the carload, and threshed the same wheat into the granary, and then when it was taken out of the granary and shipped, it went a grade lower than that which was graded earlier in the season. I do not know whether that is correct or not, but I have always felt that that was the case.

WITNESS: I see Mr. Fraser is here. I could not attempt to answer that question.

*By Mr. Ross (Moose Jaw):*

Q. In speaking of your experience with Vancouver shipments, is there a difference in your cost on a shipment from Vancouver in storage? What I mean by that is, you have a longer haul. Do you get an advantage on storage while on the Pacific ocean over Atlantic shipments; it does not cost you anything to store when it is in the ship. What does that amount to?—A. We do not usually consider that, Mr. Ross, because it is offset by the interest. I think the one offsets the other.

[Mr. George McIvor.]



*By Mr. Garland (Bow River):*

Q. I would like to ask one question; in your opinion, would the continuation of partial mixing with the 75-25 standard bring more to the producer than you could get by the elimination of mixing?—A. That is a very difficult question to answer.

Q. Well, perhaps I had better preface that, Mr. Chairman, in fairness to the witness. The witness started off to-day by stating the question himself. In considering the problem of mixing, you have to ask yourself the question, can you get more money for the farmer by mixing than by not mixing, so I am putting it up to you?—A. I would say, as an opinion entirely, that if your standard was raised and maintained and the crop kept on a uniform basis, he would.

*By Mr. Coote:*

Q. You mean by that I presume that you would get more money for the total crop?—A. That is just an opinion, Mr. Coote. It has never been demonstrated, and it puts me in a difficult position to answer your question.

*By Mr. Donnelly:*

Q. That is, as between the pool farmer and the non-pool farmer, the non-pool farmer would benefit more, would he not, than the pool farmer?—A. In what way?

Q. The non-pool farmer gets nothing from mixing?—A. No.

Q. If the price were raised, he would get more benefit than the pool farmer?—A. Comparatively he would.

Hon. Mr. MOTHERWELL: Mr. Chairman, the question of uniformity is very important, provided of course that it is not uniformly low.

*By Hon. Mr. Motherwell:*

Q. Do you think there is much better uniformity secured under mixing, as we have it now, than under a similar standard for the terminals, as the farmers have to comply with on passing the initial inspection point? For instance, one standard for the terminals and the same standard for the farmer; would not that get just as much uniformity as in mixing?—A. Well, I do not believe so, Mr. Motherwell. I think that it is perhaps just as easy to mix up as it is to mix down.

Q. Provided you can do it?—A. Yes.

Q. Provided it is done?—A. Yes.

Q. Do you think then we are getting more uniformity now than before mixing started?—A. Well, Mr. Motherwell, conditions are entirely different to-day. To-day you have a great big country producing all kinds and varieties of wheat.

Q. Have you had any complaints from buyers regarding the lack of uniformity?—A. No general complaints. We do get an odd complaint from a buyer who says that he gets one shipment which is not as good as another, and that sort of thing, but in a general way we have not, Mr. Motherwell.

Q. Are you mixing the new wheat with the old wheat, the 1927 with the 1928 crop?—A. We took the position last fall; we had a small quantity of old wheat on hand, largely at the seaboard. Some shippers were prepared to guarantee the new wheat. We took the position entirely that we would sell a grade. In a very small number of cases they did get old wheat, naturally, because the old wheat was there, but we made our position very clear before effecting a sale; in other words, we gave no guarantee of the new wheat going out. We sold on certificate.

Q. No guarantee?—A. No.

[Mr. George McIvor.]

Q. They got such a sickener on the 1927 crop that they are a little hard on the 1928 crop, which is so very much better?—A. Unquestionably that is the case, Mr. Motherwell.

Q. Do you think it is advisable to spoil two crops by mixing the carry-over? Do you not think it would be better to give a guarantee certificate that one is the new crop and the other is the old crop?—A. I would say it is a matter of business expediency. We as an organization made our position very clear to anyone who was buying our wheat.

Q. That is all right, but there are a lot of people who have had dealings with the wheat pool and are anxious to get new wheat, and who want a certificate guaranteeing that the wheat is new wheat?—A. I will answer that question this way, that I think our customers are satisfied with us.

Q. I have a few complaints, not many, that they would like to get a guarantee from you that it was new wheat?—A. We cannot guarantee it.

*By Mr. Garland (Bow River):*

Q. Perhaps I can clear it up. The complaints you received from buyers were not from buyers of pool wheat only, but general complaints?

Hon. Mr. MOTHERWELL: No. I have one this week expressing general satisfaction with this year's crop.

Mr. GARLAND (*Bow River*): You were not referring to pool wheat.

Hon. Mr. MOTHERWELL: His only difficulty with the crop was that they were not able to get a guarantee of the new wheat. I will show my friend, if he wants to see it, the correspondence.

The WITNESS: I think I can tell you right now where the complaint is from.

*By Hon. Mr. Motherwell:*

Q. It was not an important complaint. The letter as a whole was complimentary. There was a good deal of complaint when the crop of 1928 was coming in, and everybody was trying to forget 1927, and looking forward to 1928; and there was disappointment with the carry-over.—A. I wonder if they will have complaints this year, if we sell this year's crop with the other one.

*By Mr. Coote:*

Q. I would like to clear this point up; when the Pool sold wheat, I understood you to say that they sold on certificates final?—A. Absolutely.

Q. So that if there is a complaint because of the wheat which is not pool wheat, I would like to know whether the pool is pretending to preserve the identity of that wheat they are handling, or whether they sell him a certificate covering so many bushels of No. 4 wheat. The pool is not attempting to give that buyer their own particular wheat; they are only giving wheat on the Canadian certificate.—A. I thought I made myself clear on that.

Hon. Mr. MOTHERWELL: The best way is to bring the letter this afternoon.

WITNESS: It may not have been our wheat. As a matter of fact I have an idea it was not. Our position is this; we have a certificate, we sell that certificate, and it is final. If anything happens of a nature over which we have no control, if the wheat suffered from being in too close proximity to the engines of the vessel, or something of that kind, we would undertake to satisfy the buyer in that regard, and probably make a claim against the ship. We do not absolutely say that that certificate is final in a case of that kind. We take the position—our buyer knows the position we take—"Here is the certificate, and here is the shipment, that is what we sold."

[Mr. George McIvor.]

*By Mr. Brown:*

Q. Would you deem it good policy, in case this year's crop is better than last year's crop, to sell this year's crop and hold the other on your hands?—A. We do not think it good policy.

*By Hon. Mr. Motherwell:*

Q. I only gave this particular shipment, this particular complaint as an illustration. Is it practicable to have on certificate one crop year and the beginning of another until the carry-over is exhausted? Should it not indicate that it is new wheat?—A. You are opening up a very difficult problem. You have a wheat at the seaboard which has been bought as No. 3 Northern, or whatever it happens to be; the point I am making is that one year with another the buyer in some cases would get an advantage.

Q. It would about even up, it would about balance one year with another?—A. It would balance. I think I know the complaint you have. I think I can give the name of the steamer.

Q. It is an illustration of the practice. I was wondering if it could be corrected. You spoke of the percentage of off-grades being less than one per cent of the total handled by your company this year; was much of that sent out on sample?—A. I was speaking entirely of the rejected and smutties. We did make several sample shipments this year, but as a general thing we do not.

Q. I notice you try to avoid it?—A. Yes.

Q. The assumption is that most of it will go out not on sample?—A. Yes.

Q. You do not like to consign it, not on sample; most of it will go out not on sample?—A. Yes.

Q. The off-grades in a year like the year previous would be very much larger than in 1928.—A. Yes. The question I was asked, Mr. Motherwell, had particular reference to the rejecteds and smutties. Of course we consign tough wheat and damp wheat as being off-grade.

Q. The off-grades outside of damp and toughs, would sometimes assume a tremendous volume?—A. They do.

Q. Up to one-half of the crop?—A. Yes.

Q. In figuring it out, we have the official off-grades got out by the statistician of the Board of Grain Commissioners, and as near as I can figure it out it is about six per cent, outside of damp and tough, for the year 1926. This year, I presume, your experience would be that it was less than one per cent?—

A. One point I would like to make clear is that in many instances the off-grades are held back in the country and come on later.

Q. Possibly that might make it a little higher?—A. Yes.

Q. We have been told at various times the approximate number of grades; we have some who tell us 100, some 500, and some 1,700. I do not think any estimate has been made higher than 1,700, but in this official document, got out by the statistician of the Board of Grain Commissioners it runs up to about 500 or 550?—A. Yes.

Q. Now, over 400 of those disappear?—A. Yes.

Q. I suppose those that disappear are presumably in the large majority of cases worked into the straight grades on the belt?—A. Yes.

Q. Here is a list of some of them, and there are forty-seven of this kind of heated grades. I understand that the heated does not mean as bad as condemned but just started heating. It is not as bad as condemned or fire-burned, it has not got to the stage of fire-burned.—A. Yes.

[Mr. George McIvor.]



Q. It is capable of being worked off in the straight grades without too much harm, and possibly with some conditioning in the way of washing. Now here are some of them:—

No grade tough No. 2 Northern;  
No grade tough No. 2 Northern heated.

I will leave out the No grades.

Tough No. 4 heated;  
Tough No. 5 heated.

and then it goes on on the next page:

No. grade damp rejected (rejected 3 Northern sprouted mixed and heated. That has also disappeared. Then:

No grade tough rejected 3 Northern sprouted rejected mix heated.  
Tough smutty rejected 3 Northern sprouted and heating.

There is a difference between heated and heating. You find this on page 56, near the top, if you are following it:

Tough Smutty Rejected No. 5 Sprouted. There are whole pages here of that nature, but I will not trouble you with them. They run over pages, and add up to over 415, but call them 400 for even numbers; and there are enough grades remaining to ship out as such. I was wondering about this. I may assume that most of those four hundred grades which disappear go back into straight grades. Why do not they put them all in? Is that because what they do put in is as much as the grades will stand? There are one hundred and thirty-two grades represented here as going out as such. For instance, Tough Smutty Rejected Sprouted, if only a small quantity of that goes out, that goes out as samples usually, does it not?—A. Yes.

Q. Evidently there is a market for it?—A. Oh, yes, there is a market for it.

Q. But the great body of that million bushels that you spoke of which you handle goes back into the straight grades. Now, assuming it will not be as bad as that this year, because you will not have so much heated nor so much sprouted, but the smutty and other occasions for rejects will be there. How can you work that back without to some extent reducing the quality of it?—A. That million bushels which I have referred to is grain that has been delivered to the Central Selling Agency.

Q. How much would the total be?—A. And to the terminals, and naturally will not go back through the mixing process. That million bushels has been delivered to us for sale as the grade. I want to make it clear, in reply to the question I was asked.

Q. Let me ask you this, what was the approximate total, of which there was a million bushels of off-grades?—A. I have not the figures here. The total of which that million bushels was a part was in the neighbourhood of two hundred millions. That is grain that has been delivered to the Central Selling Agency in the form of a warehouse receipt, and will be loaded out and shipped as such. There may be considerable off-grade wheat which we have not received, which will probably come out in the straight grades.

Q. Then we are to understand that you are not using any of this million bushels of off-grades to work into the straight grades this year?—A. No.

Q. Were they last year? You see there are four hundred grades which disappear, and they apply to all the dealers, I do not know whom.—A. Of course those figures which you are reading are the receipts at Fort William. The figures which I am giving you are the shipments out of Fort William or which will go out of Fort William.

*By Mr. Vallance:*

Q. We have the wrong man to answer the Minister's question.—A. Yes. The terminal man should answer that.

*By Mr. Motherwell:*

Q. These off-grades are good enough, in good enough shape, to have a market for themselves?—A. They are not easy to sell, Mr. Motherwell,—I want to make that clear,—but they can be sold.

Q. At a price?—A. At a price.

Q. When they get to know them, I presume they will get fairly well up to their value?—A. Well, it is like a leap in the dark for the buyer to buy that, because he may not be certain as to what he is going to get.

Q. We had some witnesses testify one way, and some the other way, that smutty grain was put into straight grade without washing or brushing or scouring in any way. That is a very undesirable practice if you are to maintain your quality, do you not think?—A. Well, I cannot understand how it could be done, particularly if the grain is very badly smutty. But I do not know, Mr. Motherwell; the terminal man is the man who does the mixing, and he can talk about what he puts in there.

Q. We recognize that there are arguments for mixing as well as against mixing, but what we are trying to get at is how to balance them up. As Dr. Donnelly has pointed out, this year we can quite understand that the off-grades might very well sell on their own merits, or demerits, as the case may be, and not be mixed in; but in a year like two or three previous years, where there would be a larger number of them and more objectionable defects in the wheat, they would prejudicially affect the straight grades more, and the less saleable on their own merits, if sold alone. Would not that be the case?—A. Of course I am of the opinion that you might have a great deal of difficulty in marketing not this present crop but the previous crop, without mixing.

Q. Do you think you can keep up the straight grades by working these four hundred grades of all descriptions given here, into them,—do you think you can work those in?—A. I believe if you raise the standard, Mr. Motherwell, a lot of that stuff will be kept out.

Q. As such?—A. Yes.

Q. Could you detect the mixing of white spring wheat with amber durum, if you did that?—A. I believe I could, and I am certain that Mr. Fraser could.

Q. There is a good deal of mixing which you cannot detect with the eye?—A. I think if you put White Springs in with Amber Durums it would be a simple thing to detect it.

Q. Anykay, these four hundred grades disappear, and there are millions of bushels of straight grades which are raised from one grade into another, as shown by these statistics; and the problem which is bothering some of us, including myself, is how you can put these bodies of wheat into the high quality without reducing the high quality. It surely raises the low, but how can it raise the low without pulling down the high, is my dilemma.—A. As far as we are concerned, as a sales agency, naturally we are interested in selling the very best quality of grain we can obtain. At the same time, in giving evidence here, we feel that we should state our opinion as it is; and I think I can see some serious difficulties on the side of eliminating mixing.

Q. Did you sell the most of the off-grades of the 1927 crop by themselves?—A. We sold considerable by themselves, Mr. Motherwell. Now the big problem in 1927, of course, was your Tough wheat.

Q. I was not referring to the Tough, but just to the other?—A. We find in the Canadian mills a very ready market for the Tough wheat. But I will

say this, that we have never had any really serious difficulty in selling wheat which we have had to sell; but the off-grades are more difficult to sell than the other, because the buyer does not understand how they are made up.

Q. I presume that over-dried stuff in 1926-27, was your real difficulty?—

A. Well, we did not care for that, I can tell you.

*By Mr. Ross:*

Q. Mr. McIvor, when Mr. Motherwell started his questioning, he brought out the point that there was some difference between the 1927 and the 1928 crops. If the buyers of wheat on the other side were somewhat perturbed about which crop they would get, there must have been considerable difference between the grades of wheat in 1927 and in 1928. What was your experience in that regard, in your selling?—A. You mean between the qualities?

Q. Yes, the quality of the grades.—A. Our experience was that the man was more ready to buy the 1928-1929 crop than he was to buy the 1927-1928 crop.

Q. How much more ready?

*By Mr. Garland:*

Q. You can put it in this way: if you offered a buyer a sample of the 1927-28 No. 4, and a sample of the 1928-29 No. 4, how much more readily would he buy the 1928-29?—A. You want the difference in money?

*By Mr. Ross:*

Q. Yes, that is what I want?—A. Well, that is a pretty hard question to answer, because we did not have a great deal of the previous crop to sell at the time the new crop was marketed. But actually I think the value of the crop was reflected in the spread between July and October wheat.

Q. You consider then that there was a considerable difference?—A. About three cents.

Q. There was a considerable difference between the quality of the 1927-28 grades No. 1, 2, 3, Northern, and the 1928-29 grades No. 1, 2, 3, Northern?—A. That was our observation, yes.

Q. Do you not think that is liable to give our wheat more or less of a black eye on the European market, to give the standard of one year less than the standard of any other year?

*By Hon. Mr. Malcolm:*

Q. It is not the difference in the standards; it is the quality of the grain?—

A. It is the quality of the grain one year and another. But how are you going to avoid that? In most instances this wheat had left Fort William and Port Arthur and was at the seaboard. In so far as the producer was concerned, he was finished with it,—as far as the non-Pool producer was concerned, in any event, and I believe as far as the Pool producer was concerned our final payment had gone out before some of this wheat was sold. We only had a remnant left; and when it came to the end of the crop year we did not have a very big proportion on hand, as compared to that sold.

Some jobbers sold new crop wheat and, I think, obtained a premium on new crop wheat. We sold the wheat on the Certificate, as we have always done and always will do.

If such a thing should happen this year, that the next year's crop is of a lower quality, which might be, possibly due to climatic conditions, and so on, we would adopt the same attitude that we have adopted today. That is, we would sell it as wheat, as in the Certificate.

[Mr. George McIvor]



*By Mr. Ross:*

Q. But you would admit that the European buyer was willing to pay about three cents more for 1928 than he was for the 1927 crop. Now bearing in mind that both of these wheats are very close to the standard of the grade, that is the minimum of the grade, then with a difference, as a general rule, of only three cents per bushel between No. 1 and No. 2 Northern, it would almost look as if the 1927 No. 1 Northern would not make the grade of No. 1 Northern in 1928, but of No. 2 Northern. Therefore there is practically the difference there of a grade between the value of the wheat, in the 1927 No. 1, and the value of the wheat in the 1928 No. 1. Surely, when setting our standard our Inspection Department must take into consideration the value of that grade?—A. There is one point I wanted to make clear, before we go on. Mr. Malcolm asks me as to what the difference was between the July and October, and I answered approximately three cents. But perhaps I did not make my answer as full as I should. I believe part of it was perhaps evidenced in the quality of the wheat. But also there would be a carrying charge between the July and the October. Now I doubt very much as to whether three cents is the correct answer; I do not think it is; but I will put it in this way, and I would not like to say any more on that, because it is hard to prove these things. I think the buyer in October, preferred to get the new crop wheat rather than the old crop wheat. In fact, I know he did, and in some instances he would be willing to pay a slight premium for the new crop wheat. Now, in so far as our organization is concerned, I want to make this clear, that we did not sell either new or old crop wheat. We sold the Certificate. Our wheat was mostly cleaned up, so that the amount of old crop wheat that we delivered on our sales, was very, very small. We did have, I think, one question from a buyer, which Mr. Motherwell spoke of, in which he received old crop wheat instead of new crop wheat. We did not sell new crop wheat, we sold him wheat. We sold him the grade of the wheat. I want to make clear that we did not put anything over on the buyer in regard to the sale of that wheat. I want to make that very clear.

Q. Suppose you had a considerable amount of 1927 wheat left in store in this country more than what had gone forward to the buyers in the Old Country on our certificate, it would have held down the price of wheat until such time as that disappeared from the markets?—A. I made it clear that there may have been some shippers who sold new crop wheat, but the reason we did not say that was because we were not sure that we could guarantee new crop wheat, and we were not going to sell something we could not deliver. Your point might be well taken there, but as I said before over a period of years the thing should work either way. If it works one way one year it will work the other way the next year, and that is something you cannot avoid. There is no way of getting around a problem of that kind.

Q. You could hold your standards closer?—A. That does not affect it; it is the value and the characteristics of the wheat from one year to another.

*By Mr. Coote:*

Q. So long as the wheat is graded on appearance, would not it follow from year to year?—A. Yes.

*By Mr. Millar:*

Q. In regard to the price of off-grade wheat?—A. It has been assumed that off-grade wheat brings an enhanced price because of the mixing. Is there any way of demonstrating that to get beyond speculation, considering the miserably low price the farmer is getting for his off grades?—A. Of course the question of selling Five or Six and Feed wheat is entirely a question of demand for these particular grades. Perhaps in your section of the country bran sold for more than feed wheat, but we raised a lot of feed wheat and our markets for that grade

[Mr. George McIvor.]

were limited. We had a very good market in Japan, and a very good market in Denmark. Now, if you had a year in which you had a limited quantity of Five and Six and Feed wheat, you would probably find a good market for those grades, because these millers would be willing to buy them, particularly the Five and Six for their Oriental run. But when, like last year, such a big percentage of your crop is Five and Six and Feed wheat, and your market is limited, the question of values is pretty difficult to establish. It is entirely a question of demand for those grades.

Q. Do you feel sure that the mixers divide the profits with the producers?—  
A. It depends on who the mixers are.

*By Mr. Donnelly:*

Q. You said that this year you had about a million bushels of off grades?—  
A. Yes.

Q. Where did you dispose of them?—A. Unfortunately some of them are not disposed of yet, but we find a market sometimes in Ontario. We get a man who wants special grades of wheat. Sometimes we find a market locally in Winnipeg—throughout Canada, in most cases.

Q. You say that if we set up a standard of 75-25, not much of those off-grades will then be mixed into it? It would not be allowed? There would not be much mixing?—A. I do not think so, as an opinion, but a terminal man is the one to answer that question.

Q. Your opinion is that there would not be nearly as much mixing?—A. Not of those grades, no.

Q. The result would be that you would have a lot of those off-grades to dispose of—more than you have at the present time?—A. Yes.

Q. And you would probably have the same difficulty on your hands if you stopped mixing?—A. To a certain extent.

Q. But perhaps it would not be quite as much as it would, but the same difficulty would exist as exists now?—A. That is a thing you can establish only by trying.

Q. With the 75-25 you would have to dispose of the off-grades almost as much as if you stopped mixing? You would have to dispose of those in the same way?—A. I do not know that I should try to answer that question. I do not know how much of the grain you would have. It is entirely a question of the man doing the mixing.

*By Mr. Garland (Bow River):*

Q. In the early part of your evidence you referred to the difficulty if we abolished mixing. Speaking of the European markets you said that all of the wheat which is sold is not sold direct to the millers, but is sold in many cases to the importers who themselves may blend, and possibly would blend if mixing were abolished?—A. No.

Q. Just what did you say then?—A. I said that in many instances you might sell a cargo or parcel of wheat to a dealer who would probably be a bull on the market and want to go long on wheat. We like to do as much business as we can directly with the millers, but our chief interest is in the price. If that dealer wants to pay for the cargo and the market advances so he would have a profit on his deal, he might sell that car to another dealer; he would sell that certificate and that dealer in turn would sell it to another dealer, and the process would go on—

*By Mr. Donnelly:*

Q. We have been told that if we do away with mixing they would go either to the United States or be mixed in the Old Country, and the profit for the mixing instead of being held in Canada, would be held in the United Kingdom or the country of importation.—A. It is done anyhow.

[Mr. George McIvor.]



Q. Do you think the same kind of mixing would be done in the Old Country as is done in Canada?—A. It would be mixing by the millers.

Q. Yes.—A. He would not permit it.

Q. Do you think that there is anything in the contention that mixing would be done in the Old Country rather than here, and profits taken there rather than in Canada?—A. Except what is done by the millers, no.

*By Mr. Garland (Bow River):*

Q. You have had a long and practical experience in handling wheat?—A. Yes.

Q. And you are pretty thoroughly conversant with the general world conditions regarding the trade. Now, as a result of your experience in this business, I am asking your advice. This Committee is anxious to do what is best for everybody concerned, for the producers, for the maintaining of our European standards, and so on. Keeping all these things in view, would you recommend the abolition of mixing?—A. At the present time, no.

*By Hon. Mr. Malcolm:*

Q. Mr. McIvor, I want to ask just a few questions on a different subject. What percentage of your wheat do you sell in Canada?—A. Of last year's crop we sold to the eastern mills 13,284,000 bushels; to the western mills, 26,502,000 bushels. That is out of a total handle of 214,000,000 bushels.

Q. So approximately 20 per cent of your sales were to Canadian mills?—A. Yes.

Q. Now, will you tell us whether the Canadian mills purchased mostly the higher grades or the lower grades?—A. They purchased—it depended entirely on the trade.

Q. Would the percentage of high-grade purchases by the Canadian mills equal the percentage of high-grade purchases by the foreign mills?—A. I would say about the same.

Q. There would not be any difference?—A. Not any radical difference.

Q. Can you tell the Committee what percentage of your sales was made direct to the millers and what percentage was made to the trade?—A. In our export business?

Q. Yes.—A. About 50 per cent made direct to the millers, and the balance to the trade.

Q. So only one-half of your grain could in any instance be mixed with grain from any other country for profit by an intermediary?—A. I would not consider that at all; I do not think that is done or will be done, because I do not believe the millers would buy it.

Q. Then about 20 per cent of your sales are in Canada, and about 80 per cent in the foreign markets? We had a great deal of discussion, with which you are possibly familiar, as to the lowering of the general out-turn by processes of skimming and selecting cars. To what extent did you find in past years that this affected the out-turn standard? Did you find it was serious?—A. No, although we do not permit the mills to select their grain.

Q. You never found that it was a serious factor in the lowering of the standard?—A. The percentage, I do not think, would be large enough to be a serious factor, but at the same time, in order to safeguard our own interests, we, as an organization, do not permit the mills to select our wheat. We sell the wheat to them as a man orders it. He might buy a certain line, and if we considered it advisable to do so we might have our man order grain from off that particular line, but as to the millers going into the cars and taking out samples and selecting it on those samples, we do not permit it because we do not think it is good practice.



Q. Do you think the advantage gained to the Canadian miller in producing a higher quality flour is of as much advantage to you, as the higher return on 80 per cent sold to the foreign markets? The only excuse for permitting the Canadian miller to select would be on the ground that if the Canadian mills could produce from selected wheat a higher grade flour then they would command more of the world's markets and would be better direct customers for you.—A. I think if you asked the Canadian mills they would tell you that a great deal of their trade is carried on with the pool. They seem to be pretty well satisfied.

Q. Not as a question, but as a statement, I was informed recently by a miller in Ontario that he never bothered selecting; he bought entirely from the pool and the average of the grades which he got from you was sufficiently good not to make it worth the bother of selecting his cars, and as far as he was concerned there was no justification for his firm skimming at all.

Q. Just one other point, although I think it has been made reasonably clear. You do not imagine that there was a very great deal of difference, if any, in the standards set by the various grades between this year and last year?—A. I said that our wheat is better this year.

Q. I was speaking of the standard this year. It is based on appearance?—A. I have not compared the standard; I do not know.

Q. But you have no reason to believe that the standard of any one grade compared in 1927 as against 1928, because you gave the Committee evidence that you sold the 1927 crop in 1928, and felt that you were quite justified in doing that on certificate final?—A. Well, I would not want my evidence misunderstood with regard to that. The evidence I gave was that we as an organization did not feel that we could guarantee that the buyer on the other side would receive 1928 wheat.

Q. Quite so, but the reason you said that—A. May I enlarge on my point there? In buying that the buyer must know the circumstances and know that he might receive old crop wheat, and as far as we are concerned he may have considered that in making his purchase.

Q. While the difference between July and October options was practically 3 cents, you explained that it was not all a question of the quality of the grade, that there were other factors entering into it?—A. The carrying charges.

Q. In your opinion, outside the carrying charges, the difference between July and October options existed, because the quality of the grade in 1928 was better than the quality of the grade in 1927?—A. The man that bought July options in 1928 concluded that he was getting delivery of No. 3 Northern Wheat; that was the available grade. I would say unquestionably that the No. 3 Northern this year is superior to that of last year.

Q. Quite so, but there is not necessarily any difference in the appearance of the grade?—A. I could not answer that. I have made comparisons but I cannot recollect just at the moment the actual appearance. I know this, that as far as the grinding qualities of the wheat were concerned, the last crop was much better than the previous crop.

Q. So that the complaints of the 1927 crop and the great satisfaction with the 1928 crop would indicate an improved quality this year over last?—A. Yes.

Q. To come back to the question Mr. Ross has raised in regard to the selling of wheat of one year in the succeeding year, that could never be solved unless by the suggestion of Mr. Miller, that wheat should be sold on its baking and milling values, not on its appearance?—A. Do you mean the carry-over from one year to another?

Mr. Ross (*Moose Jaw*): That opens up another question.

[Mr. George McIvor.]

*By Hon. Mr. Malcolm:*

Q. I realize that I am opening up another question, but the fact remains that so long as wheat is graded on the appearance and weight, and the other factors described in the Grain Act, you could not possibly have anything else but a varying condition in the value of two crops, for milling purposes, and if you wanted to correct that you would have to use some other basis of inspecting wheat?—A. You would be bound to, on anything less than a miracle, with the varied characteristics in one crop of wheat as compared with another.

Q. As a man who has had a good deal of experience of selling wheat direct to millers, do you think it would be practicable to market our wheat on a protein standard?—A. No.

Q. You do not think it would be practicable to market our wheat on a protein standard?—A. No.

The CHAIRMAN: Gentlemen, it is past one o'clock. Does the Committee wish to take Mr. McIvor again this afternoon; are there many questions to ask?

Mr. Ross (*Moose Jaw*): I have one, following what the Hon. Mr. Malcolm has said, that I would like to ask. This is an important witness, Mr. Chairman.

The CHAIRMAN: What is the wish of the Committee?

Some Hon. MEMBERS: We had better meet at 4 o'clock.

The CHAIRMAN: Before you go, I have a telegram here which I would like to read. At our last meeting we decided to ask the Grain Trade to appear. Mr. Fraser wired the Secretary of the Northwest Grain Dealers' Association, and has received the following reply:—

A. A. FRASER,

Clerk of Agriculture Committee, Ottawa, Ont.

Message received thanks for invitation but operations of Northwest Grain Dealers Association confined within narrow limits and so far as appears from newspaper reports not affected by any proposals made before your Committee stop Association itself has no concrete recommendations to make stop Ross of Richardsons not member of association and not qualified to speak for its members stop Have spoken to a number of our members who as individuals naturally are interested in changes that may be made in the Grain Act they are and always have been willing to supply your Committee with all relevant facts within their knowledge bearing on grain handling questions they are at this stage reluctant to tender advice or express opinions without mature deliberation on new proposals bearing in mind that the handling of the prairie grain is a complex business which has been given more constant and vigilant governmental supervision than any other of like kind in the world stop The Grain Act itself has been built up on the findings of some nineteen parliamentary and judicial investigating bodies during the past twenty years stop They do not suggest that this Act is not susceptible of improvement but say that experience has shown that amendments made without adequate consideration have frequently in the past and may very well in the future have consequences far different from those contemplated by their authors stop Evidence of alleged evils give rise to the suggestion of many divergent remedies stop In their opinion the surest way to procure lasting and adequate remedies will be found through the mature wisdom of a strengthened board with if necessary enlarged powers.

J. G. FRASER,

Secretary, Northwest Grain Dealers Assn.

[Mr. George McIvor.]

Does the Committee wish that telegram to be placed on the record?

Mr. GLEN: Yes.

The CHAIRMAN: Mr. Fraser, as I say, wired to the Northwest Grain Dealers' Association. Does the Committee wish the Winnipeg Grain Exchange to be invited to send a representative, or is this sufficient?

Hon. Mr. MOTHERWELL: It would be very interesting, but when are we going to get our report ready?

Mr. ROWE: I wanted to ask, Mr. Chairman, does the Committee consider sitting through the recess?

Mr. GLEN: How many more witnesses have we, Mr. Chairman?

The CHAIRMAN: We have Mr. Steele on Monday, and then the Grain Board.

Hon. Mr. MOTHERWELL: That will take all next week. They will be here next week.

Mr. GARLAND: And that will be all.

The CHAIRMAN: We will meet at four o'clock then.

The witness retired.

The Committee adjourned until four p.m.

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#### AFTERNOON SESSION

The Committee resumed at 4 p.m., the Chairman, Mr. Kay, presiding.

G. H. McIVOR, recalled.

*By Mr. Ross (Moose Jaw):*

Q. In your reply to Hon. Mr. Malcolm this morning you said that the central selling agency did not permit the selection of cars. You cannot stop the selection of cars, can you?—A. Well, Mr. Ross, we cannot in this way; if a miller purchases wheat from us for shipment off a certain line that is his property. If he gets some of that wheat which would be undesirable he could make whatever use he wanted to of the wheat. My answer had particular reference to a miller breaking the seal on our cars and selecting them according to sample. That is the thing we prohibit with the mills. Our own man there orders a car to the mill or we may ship from certain lines in the country to that particular mill. I think, if I see your point correctly, you have in mind purchasing wheat and using a portion of it. There is nothing to prevent that.

Q. With a crop such as that of 1927 the mills did a great deal of selecting, I understand. It was not buying from you on selection, but they did ship and test a great deal of wheat at their mills and did turn back into the trade a large portion of that because it happened to have the milling value they wanted to get. That kind of selection you cannot stop in any way. The wheat is their own property; they bought it and paid for it. Do you know whether they did that to any great extent?—A. I know they do that, but I have not heard of them doing it on a large scale.

Q. They would do it in a year when our crop was such as the 1927, when the milling value was low, to a greater extent than any other year?—A. Naturally, yes.

[Mr. George McIvor.]



*By Mr. Donnelly:*

Q. Mr. McIvor, just before the adjournment you were asked a question by Mr. Garland (Bow River) if you were in favour of eliminating mixing at the present time, and you said no. Later on in your evidence you said you had two reasons why you thought the elimination of mixing was not possible as between the grades, one was the lack of uniformity and the other was the difficulty in disposing of our off-grades. Have you any other reasons?—A. No.

Q. Those are the only two, lack of uniformity in the shipments going over and as regards the disposal of our off-grades?—A. Yes.

Q. Do you think there would be difficulty in keeping up to the 75-25 standard?—A. I can only give you the opinion of our terminal men and our inspectors. They say no.

Q. With your first wheat which comes in, as you pictured it a while ago, you would have some coming out of the terminal elevators which would be of a low standard. Would you say the same thing about the 75-25, that they would not live up to it? Would you not likely have the lack of uniformity? You would have some grades of wheat from Northern Manitoba, we will say, which would not live up to the 75-25?—A. It all depends on what you took for the basis of the 75-25.

Q. How do you mean?—A. Well, I imagine your basis of 75-25, your earlier wheat, would of course be inspected out on the basis of your earlier inspection.

Q. Do you mean you would have two standards, one for an early inspection and one for a late inspection?—A. No, the same standard.

Q. Then, I do not see where your 75-25 export standard will vary from time to time?—A. It would all be either the minimum or better than the 75-25. It would have to be that.

Q. I understood you to say that if you just brought it in in the early part of the year you would have some of it down to the minimum, and you would not be able to stop mixing to live up to the standard. Would not the same condition prevail with the 75-25?—A. It probably would during the early part of the year, but when the crop was in full swing I do not think it would.

Q. Would that not hold good with mixing?—A. I don't think so—not to the same extent.

Q. I do not see the reason why?—A. If you do away with mixing you will put the grain out exactly as you got it.

Q. If you put it in to 75-25, would you not do that?—A. Arrive at a minimum?

Q. You would have to wait until the middle of November or the first of December until you got other wheat in?—A. No. The wheat you would get later on, if it is better—I am not saying it would be—would improve your standard.

Q. As a matter of fact, you make up different varieties of wheat, but do you think you would get the run of wheat all down to the minimum? You would get a lower grade perhaps, but supposing first class wheat was a No. 4, you do not say that it would all come in at the bottom four?—A. No, there would be some at the top—bound to be.

Q. Would it not be the average of that class of 4?—A. Some of your cargoes would be lower and some higher naturally.

Q. Your cargoes might go out with a slight variation, and it might be a different variety of wheat, but I cannot see why you are going to get a variety of wheat in any one section of the country all down at the bottom of the grade. It may be a run of 4's or 5's, but I cannot see why you will get it all down to the bottom of that grade.—A. You will not get the bottom of the grade.

Q. Then you will get the average of the grade?—A. You could not, by mixing your grain.

[Mr. George McIvor.]

Q. Would you not get the average?—A. No, because the man on the other side would have no idea of what he was going to get.

Q. He does not have now until you send over your standard?—A. He does not have it now even when we send over the standard, but this wheat does go out with a certain uniformity.

Q. In some way he would have the same idea when he gets his 75-25 sample?—A. He would have a better idea when he gets his wheat.

Q. I do not see that that makes any difference?—A. Except that a terminal man when taking in wheat gets in, we will say, No. 3 Northern and puts it in the 3 Northern bin, and it would be loaded out as 3 Northern if mixing were discontinued. Government inspectors are in the elevators and will provide that the wheat shall not be mingled or mixed; the grain will be loaded out as it is. We will be more responsible for a lack of uniformity than if the wheat was mixed up to a certain standard.

Q. Because all of the 3 is put into the one bin?—A. The wheat would not be touched at all; it would simply go out as it came in. It would not be mixed. A terminal elevator mixing to a certain standard would naturally mix the grain they had in their elevator and send it out on that standard.

Q. What do you mean by mixing it; do you mean that they are going to put in No. 2 to mix with No. 3?—A. They might do that.

Q. Do you mean to say that they would put in No. 2?—A. They might put No. 4 in.

Mr. GARLAND (*Bow River*): Would not they have to do it to bring it up to the 75-25.

*By Mr. Donnelly:*

Q. Would they bring it up to the 75-25?—A. It would depend upon how much Four they put into it.

Q. I do not see where you are going to get a lack of uniformity; I do not see how we are in the one case going to get uniformity and not get uniformity in the other, I cannot see that?—A. As I see the situation, the terminal man, if he is putting out wheat to a certain standard, is not going to put it out over that standard. I think that is conceded.

Q. That is conceded. I am not objecting to the 75-25 at all?—A. I understand that.

Q. But you will get just as good, if you do away with mixing, and will get it just as uniform; that is what I think.—A. I do not believe you will.

Q. In regard to your off grades, under the 75-25 standard, you admit you are going to have more; if you eliminate mixing, will you have any more, if you do away with mixing entirely?—A. Well, you will have some, but I do not think the proportion will be exceedingly large, because I do not believe that under a straight standard the terminals will put in very much off-grade wheat.

Q. I do not say they are going to put in much smutty wheat or rotten kernels sprouted stuff, but I do not see how there is going to be very much difference as between the 75-25 and the other if you stop mixing entirely. I think the same objection exists in the one case as in the other.

*By Mr. Brown:*

Q. Dr. Donnelly asked you about two objections you had to abolishing mixing, and you indicated those, but there was another objection raised by a former witness, and I might call it to your attention. It was indicated that in the loading out of cargoes it might very well be that there was not enough of a particular grade to complete the cargoes, and that in order to have a cargo shipped on time and meet the requirements, it would be necessary in that case to do some mixing. Would that come within your department?—A. Yes.

[Mr. George Melvor.]

Q. Might that not possibly happen?—A. That has been done, but it is not a serious thing.

*By Mr. Donnelly:*

Q. In part cargoes?—A. I think if you have an order to fill, it might be necessary to mix the grain, in order to complete it.

*By Mr. Garland (Bow River):*

Q. What about your Prince Rupert elevator?—A. I do not see how you can operate out of Prince Rupert without mixing.

*By Mr. Brown:*

Q. That objection was raised by a former witness.

*By Mr. Donnelly:*

Q. What is the reason for that?—A. Your Prince Rupert business is entirely a tramp business. You cannot get out of Prince Rupert more than a small shipment of grain.

*By Hon. Mr. Motherwell:*

Q. How many holds would there be?—A. You would have to have a minimum of probably about four million bushels.

Q. But how many sections, how many holds, would there be?—A. Probably 5 holds of 50,000 bushels each.

Q. You could have all different grades, could you not?

*By Mr. Donnelly:*

Q. What do you do at the present time?—A. The grain is mixed.

Q. If you have an order for No. 3, what do you do to get it out, mix No. 4 in with it or No. 5; you have to send out No. 3?—A. Of course you have to send out No. 3, but you would mix your grain 2 or 3 Northern to a No. 3 Northern.

*By Mr. Millar:*

Q. It is a private elevator?—A. It is a private elevator.

*By Mr. Brown:*

Q. On occasion you find it necessary, in order to get what you want, to put in No. 2 Northern, or to put in No. 2 and No. 4 to make it No. 3?—A. The terminal superintendent might find it necessary to mix No. 2 and No. 4 to get No. 3.

*By Mr. Donnelly:*

Q. If you had the 75-25, how would it work? Would you not have the same difficulty?—A. Except that he will have to mix up to that standard. He will still be permitted to mix, but he will have to mix up to that standard.

Mr. BROWN: Dr. Donnelly has not caught the point I brought up this morning, that standardization is not possible without mixing. If we realize that standardization is not possible without mixing we will get nowhere.

Mr. VALLANCE: We will agree to mixing, within the grade.

Mr. BROWN: You mean, confined to within the grade?

Mr. VALLANCE: You can standardize from the minimum to the maximum of the grade.

[Mr. George McIvor.]



Mr. BROWN: That is not mixing at all. Then you have the question of uniformity, which the witness has said is very desirable. Now, as to what degree of uniformity you could have under such circumstances, I am not prepared to say, but it is clear to me as daylight that you cannot have the same degree of uniformity as you can have if you mix up to a certain standard.

Mr. MILLAR: That is not the important thing.

Mr. VALLANCE: Take it as we have it to-day. A farmer sells his grain on a standard which is the minimum of the grade, and he delivers it from the maximum to the minimum irrespective of where it comes from. Saskatchewan may be No. 3 down, and Alberta may be from No. 1 to No. 3, but within the grade you can have uniformity of grade irrespective of where it comes from. They are selling to the same standard.

Mr. BROWN: That depends upon the quantities of low or high you have to deliver. It might possibly be uniform, but no person can certify that it would be uniform. You cannot certify uniformity when you mix up to a particular standard.

*By Mr Ross (Moose Jaw):*

Q. The 75-25 will be set on the minimum, 75 of the average passing the primary inspection, and if it is on the 75-25 there is no reason why they cannot mix to that standard on the grade?—A. I think you had better ask the terminal man and the chief inspector.

The CHAIRMAN: It seems to me that we are rather instructing the witness, instead of allowing the witness to instruct us.

*By Mr. Donnelly:*

Q. There is one other question in regard to mixing. We have a public terminal at the head of the Lakes. Now, if we set up the 75-25, and we are told by the Brown Commission that this is the place where they throw in all the stuff they do not want, how would you like to be running a public terminal, and have to ship out on the 75-25? Do you think you could do it?—A. Is it true that the elevator is getting all that stuff?

Q. I understand that Mr. Hetherington said he could not put it out at 75-25?—A. I think you would have to make certain provisions.

Q. Mr. Hetherington told me I know that he could not ship it out on 75-25 and maintain that standard, and I do not see how he could, if he was getting the off-grades and the minimum of the grades?—A. That is a question for the man operating the elevator to answer. I cannot answer that question.

*By Mr. Millar:*

Q. Coming back to the answer you gave to Mr. Garland before lunch, in regard to mixing, I can see that there might be other reasons, that you would say you would not recommend the abolishing of mixing, being an official of the pool—

Mr. GARLAND: I object to that, Mr. Chairman.

The CHAIRMAN: I would tell the witness that he need not answer any unfair questions.

Mr. MILLAR: You do not know yet what I intend to ask, sir.

Mr. GARLAND (*Bow River*): I raise the point of order now. Mr. Millar in stating his question is informing the Committee and the witness, that the witness is answering in the manner in which he does because he is an official of a pool, which has already taken a certain position.

Mr. MILLAR: That is not the point I was coming to at all.

[Mr. George McIvor.]

*By Mr. Millar:*

Q. As an official of the pool, in recommending a radical change without being absolutely sure, you would be placing your organization in an awkward position. Was there any such reason as that for answering Mr. Garland as you did?—A. Any opinion I have given to-day is entirely my own opinion.

Q. I understood you were placed on the stand as an official of the pool?—A. I am an official of the pool, but I have been asked to give my personal opinion and I gave that irrespective of what the position of the pool should be in the matter.

Q. Let me put it in another way.

The CHAIRMAN: I do not think you can put it in another way, Mr. Millar. He has answered your question.

*By Mr. Millar:*

Q. But I am putting it in another way. If we were operating at the present time on a system without mixing, no mixing in practice at all, and you were asked the question, would you recommend a change to the mixing system, or would you not still be reluctant about saying "No" because of the radical change?

Mr. BROWN: That is purely a hypothetical question.

Mr. MILLAR: Mr. Brown has asked a lot of hypothetical questions to-day.

Mr. BROWN: No, I have not. Nobody has stuck more closely to the facts than I have.

*By Mr. Millar:*

Q. Let me ask you this question, Mr. McIvor; if you had the opportunity of choosing between a cargo of grain direct from the farmer's wagon, if you had an opportunity of selling overseas a cargo of grain direct from the farmer's wagon, and a cargo of grain from a private terminal, which do you think would sell the best?—A. I do not know. It would depend a lot upon the grain which came from the farmer's wagon.

Mr. GARLAND (*Bow River*): How about Edmonton grain?

*By Mr. Millar:*

Q. If you do not care to answer, I will let it go at that.

WITNESS: I do not think that is fair.

Mr. GARLAND: It is impossible to answer a question like that. No man in his sane senses would answer categorically a question like that.

Mr. MILLAR: I think if I were holding a position as a salesman, I would take the grain from the farmer's wagon. I think that is beyond question.

*By Mr. Millar:*

Q. If the numerous off-grades were treated, are there any of them that would not fall readily into one of six grades established for the purpose of selling those off-grades?—A. Yes, but I think some of your heated grain, some really badly smutted grain, might be difficult.

Q. But if those off-grades were all treated?—A. It would be very difficult to treat some of your off grades, those too poor to go out, say No. 6.

Q. Those off-grades, the proportion which would be too poor to go into any of those six established grades would be very small?—A. I probably did not get your question. The idea is you would have six new off-grades?

Q. Yes, we would have six off-grades to correspond with the six straight grades for the purpose of classifying the off-grades after they were treated?—A. That would depend entirely upon what you would require in those off-grades, the provision you make for those off-grades, as to whether the inspectors would live up to that provision.

[Mr. George McIvor.]

Q. Yes. Well, I just wanted your opinion, if it would not be possible to classify all those off-grades, after they are treated, into six off-grades, just the same as the straight grades, and still have each one classified with grain of about the same class.—A. Well, I do not know just whether I can answer that question or not.

Q. If you have not considered it I will not press it at all.—A. No.

Q. I would like to have your opinion in regard to a proposal that has been made to establish a western standard as well as an eastern standard, because of the different type of grain grown in Alberta.—A. That is to have a different standard for your western shipments as against your eastern shipments?

Q. Yes, a standard of about the same value, but made up of the Alberta type of grain rather than of the other.—A. Well, I think that is taken care of, Mr. Millar, by the buyer. For instance, some buyers express a preference for Pacific wheat, and some buyers express a preference for Atlantic wheats, and they are able to meet the situation. The Certificate carries the notation whether it is Pacific or Atlantic; and the buyers are willing to meet the situation in the price. If they express a preference, they will express it in the price.

Q. The thought has been given here that it is difficult for the inspectors to grade western grain on a sample made up of say, three-quarters eastern grain, or nearly all eastern grain, because the type is so different.—A. Well, I imagine it is difficult to grade it.

Q. But you have not thought the matter out?—A. No.

*By Mr. Donnelly:*

Q. As a marketer of grain, would you think it wise to have one standard for the Pacific coast and another for the Atlantic coast, and when we ship to the Hudson Bay, another standard for the Hudson Bay?—A. No, I think it would disturb the buyers.

Q. The Committee took this into consideration and were considering the possibility or probability of establishing a Pacific coast standard and an Atlantic coast standard, and would like to know how it would appeal to you. Do you think it would be better to have the one standard?—A. Yes.

Q. Do you think it would make it easier to sell the grain?—A. Yes.

*By Mr. Garland:*

Q. Mr. Chairman, the witness has already stated that the buyer has consciously or unconsciously segregated the Atlantic from the Pacific, right now, and he allowed us to imply that there was no need for two standards of wheat, or a double standard, because the buyer was now buying a Pacific wheat because of its peculiar quality. Is that correct, sir?—A. Yes.

Q. In that case, what objection is there to setting up a standard on which they can really guide their purchases.—A. One difficulty is that all your Alberta wheat does not move through the Pacific coast; in fact probably forty per cent of it moves East. And what are you going to do with that?

Mr. GARLAND: The Committee has to consider that.

*By Mr. Brown:*

Q. That is coming East anyway?—A. Yes, it has to come East.

Q. I think you have admitted that you have not thought over the problem in all its bearings?—A. No, I have not.

*By Mr. Donnelly:*

Q. You have thought of the problem only from your position as a seller of wheat?—A. Yes.

[Mr. George McIvor.]



*By Mr. Garland:*

Q. I am satisfied, Mr. Chairman, with the statement of the witness, that the buyer is to-day separating the standards of Atlantic and Pacific wheats?—A. It is done. For instance, we had a buyer through here last Fall, and he made a trip through to the Pacific coast, and he examined samples as he went through, finally winding up at Vancouver; and after he got back to Winnipeg he expressed the opinion to me that he preferred the Vancouver wheats. On the other hand, we have had millers who have expressed their preference for Atlantic wheats. So that it is merely a question of the preference that they put on it themselves.

*By Mr. Donnelly:*

Q. Is there any variation in the prices?—A. At some times there is a slight advantage in favour of the Pacific wheats; and at other times there is an advantage in favour of Atlantic over Pacific wheats.

Q. What is the reason of that?—A. Sometimes the buyer can get quicker shipment of Atlantic wheats. In other cases if he prefers Pacific wheat, he might pay a premium and be willing to wait for it.

*By Mr. Garland:*

Q. Mr. Chairman I wonder if the witness would give the Committee whatever information he has in regard to mixing of Durums at Montreal. I understood he was one of the men who looked into that proposition. I think this Committee would be interested.—A. I have a file here on that subject, if you wish to go into it.

Q. Yes.—A. We, as an organization, objected to the practice of mixing Durum wheat in Montreal, mixing the Canadian and American Durums. We objected on really two different grounds. One was that the grain was being sent out on an eastern grain inspection division certificate. That certificate does not state that the grain is American and Canadian Durum wheat mixed.

*By Mr. Donnelly:*

Q. It does not state so?—A. No, it does not. The result is that it is our opinion that the buyer was in many instances buying what he thought was Canadian Durum wheat, while actually he was obtaining a mixture of American and Canadian Durum wheat. It was further our opinion that a good deal of American Durum wheat could not stand on its own legs, and that the growth of the Durum wheat in western Canada was expanding so rapidly that the situation should be carefully looked into.

We took the matter up with our London office, and asked them to make investigations. I have a letter here from them, if you would wish me to read it, expressing their opinion.

The CHAIRMAN: Yes.

The WITNESS: This is from Mr. Smith, from London,—this is the practice which he is referring to:—

I was pleased to have your cable advising that serious consideration was being given by our organization to the question of issuing seaboard Inspection Certificates on American grain mixed with Canadian at Canadian seaboard ports.

I have thought for some years this was a practice which undoubtedly was working against the best interests of the producer. There is no doubt in my mind that the Government, when they originally agreed to grant seaboard Inspection Certificates, did this figuring that it would be a certain means of disposing of some of our products with the help of the

[Mr. George McIvor.]

American exporters, this being at a time when Canada had not developed a world's market for the various varieties of grain grown in Western Canada. However, the situation to-day is such that no assistance is required from outside sources in the marketing of our commodities and therefore the practice of issuing seaboard Inspection Certificates, which was at one time of actual benefit to Canada, has to-day the very reverse effect.

The granting of Seaboard Inspection Certificates stamped with the Canadian Government guarantee (which is at all times of great help to a seller) on American Durums mixed with Canadian Durums and sold as No. 2 mixed Durums, Canadian seaboard inspection, or American Rye mixed with Canadian Rye and sold as No. 2 Western Rye, Canadian Seaboard Inspection, at once gives some buyers the impression that they are purchasing purely Canadian grain and therefore are prepared to buy these mixed varieties if offered at a small discount under No. 2 Amber Durum or No. 2 Canadian Western Rye, Fort William Inspection, they naturally anticipating the seaboard inspection quality would be almost equal to the Fort William inspection. This is a practice which has been carried on by American shippers for many years, they making substantial profits; however, there is no doubt buyers on this side are at last beginning to realize there is considerable difference between seaboard and Fort William inspection with the result that the volume of shipment of these mixed Durums and Rye have fallen off perceptibly. The buyers to-day are only willing to make purchases at wide discounts which does not make the mixing as attractive a proposition as it was in the past.

I think with Canada to-day controlling about one-third of the total world's exportable surplus and producing, without question, the finest of wheat, it is unfortunate the practice still exists whereby we fall back on another country's grain for mixing to enable Canada to market her products. This practice is, in my mind, absolutely unnecessary, there being no question whatever that Canada can find a market herself for every bushel of grain she produces.

The refusal to grant this seaboard inspection might, at first, have some effect on Canada's local sales of Durum and Rye, but eventually feel sure the result would be greatly to Canada's benefit, there being little doubt America would have some difficulty in disposing of her low grade Durum and Rye without the use of the Canadian varieties to raise the quality of their products to the standard necessary to find a market on this side.

Taking all the facts into consideration I am definitely in favour of immediate steps being taken to prevail on the Canadian Government that they should refuse to grant further seaboard inspection certificates on any shipments from their ports.

*By the Chairman:*

Q. Who writes that?—A. That is our man in London. That was written in November last.

*By Mr. Donnelly:*

Q. Have you the Certificates, or copies of them?—A. Yes, I have, Mr. Donnelly.

(The witness hands copies of the Certificates to the Committee).

*By Mr. Garland:*

Q. The one-third referred to by Mr. Smith, was of wheats, it was not of Durums alone.—A. Yes, he is referring to all wheats.

[Mr. George McIvor.]

*By Mr. Donnelly:*

Q. In those Certificates, Mr. McIvor, do they not state that it is mixed grain of Canadian and American origin? We were led to believe that the grain set out in that way on the Certificate was mixed grain, in fact they showed us these Certificates from Montreal, that when they were mixed it was shown as a mixture of Canadian and American Durums.—A. Here is a copy of the Certificate. The thing I would like to point out is how that Certificate could be confused with the Fort William Certificate.

*By Mr. Garland:*

Q. "Appointed by the Board of Grain Commissioners under the Canada Grain Act." That certainly would give the importer the impression that it was Canadian grain, alright.—A. Yes.

*By Mr. Coote:*

Q. Are you through making your statement, Mr. McIvor?—A. I have some figures here on the expansion of growth of the Durum wheats. I do not know whether you would want to listen to them or not; they are quite extensive. That is a point we were particularly interested in. While this practice may have been alright years ago, when Canada was growing very little Durum wheat, yet to-day, with the amount of Durum wheat that is being grown in Canada, it is in our opinion a wrong practice.

*By the Chairman:*

Q. There will be less of it to go, if we can find a proper response.

*By Mr. Coote:*

Q. One witness brought before us from Montreal stated that it was in the interests of the western farmer that they were getting rid of considerable Canadian low-grade Durum, which otherwise would have to go to the United States and be mixed over there; and that the producer was getting a better price for his Durum because of this practice.—A. Well, I feel sorry for him, if it gets any worse.

*By Mr. Donnelly:*

Q. The point which interests me, as a member of the Committee, is this: While you people object so strongly to the mixing in Montreal, yet you think the mixing and getting rid of the poor grade stuff at the head of the lakes is alright. I cannot see the difference.—A. Our real objection to the situation in Montreal is that our grain has been going out under false colours.

The ACTING CHAIRMAN (Mr. Brown): That makes a very great difference.

The WITNESS: If we are going to build up the reputation of our Certificate, and stand behind our Certificate, we do not want buyers on the other side, when they think they are buying our wheat, to get part Canadian and part American wheat.

*By the Acting Chairman:*

Q. That is your main objection, the danger of confusing those two Certificates?—A. You can understand we are trying now to develop a market for our Durum wheats in Italy—largely in Italy, and in Germany and in France. We meet this class of Durum wheat in competition all the time under this Certificate. The buyer in many instances thinks he is buying straight Canadian Durum wheat, when actually he is buying a mixture of American and Canadian Durum wheats.

Our objection is that if there is a part of this American Durum wheat that cannot be marketed overseas it should remain at home—that is without the aid of our Durum wheats.



*By Mr. Donnelly:*

Q. This Committee was told definitely that when the mixture is made it was marked as a mixture.—A. Well, there is the Certificate.

Q. They had a Certificate which showed the same thing?—A. Then it must have been a recent innovation.

*By the Acting Chairman:*

Q. I think, Dr. Donnelly was wrong in that. There was a suggestion that a new Certificate be introduced. I asked the question:—

Q. As American grade, or Canadian?—A. It does not go out as either. It goes out on the Board of Grain Commissioners' Certificate. It does not state whether it is Canadian or American grain.

There was a suggestion that a new certificate should be provided in which the origin of the wheat should be indicated.

*By Mr. Coote:*

Q. Then I would like to ask the witness if he thinks if a distinctive certificate were used to cover that 2 Amber Durum, as I think they call it, whether that would meet the objection of the Pool?—A. Well, we are not in favour of that practice which obtains in Montreal. I might say that it is our information that there are no Canadian firms engaging in this mixing. It is being done almost entirely by American firms.

Q. Well, would these have caused you any difficulty with the grade 2 Canadian Western and Amber Durum which was a pretty good wheat, and they are putting this mixture out in Montreal as 2 Amber Durum?—A. Yes.

Q. The names are exactly the same, except that the words "Canada Western" are omitted—would that lead to some confusion in the minds of buyers in the old country?—A. Yes.

Q. That was one of your objections at least?—A. Yes.

*By Mr. Millar:*

Q. You object to it, Mr. McIvor, on the ground of deception?—A. Yes.

Q. Would there not be some reason for making the same objection to the practice of mixing in almost rotten wheat, a little stream of this and a little stream of that, into the higher grades going out of Fort William?—A. There might be, but if you raised your standard at Fort William, you would eliminate a lot of that.

*By Mr. Garland (Bow River):*

Q. Mr. McIvor, what is the total quantity of American Durum which was imported for this mixing process, and the quantity of Canadian Durum mixed with the American Durum?—A. I have not those figures here.

Q. Can you give it approximately?—A. I have a report here of the meeting at Montreal and I thought possibly it would bin that.

Q. While I am not certain whether it was said by a witness or read in a letter, it is my recollection that about 20 million bushels, or something more than that of American Durum was brought up to mix with a small quantity of Canadian Durum, which largely increased the business of the port of Montreal.

The ACTING CHAIRMAN: The Minister of Trade and Commerce (Hon. Mr. Malcolm put certain figures on the record.

The WITNESS: That is not altogether a true statement. I think a great many of your Duluth Durums are shipped through Montreal because it is the cheapest route, and they will come there anyway.

[Mr. George McIvor.]

*By Mr. Ross (Moose Jaw):*

Q. Is it your suggestion that no wheat, especially our own, should go out on the certificate with American origin on it?—A. It at least should have a reference to the fact that it is American and Canadian grain mixed.

Q. You think they should stop issuing the certificates for 2 Amber Durum?—A. I think if they definitely marked on the certificate what was constituted in the mix, it would not really matter what name they had for it on the certificate.

Q. The witnesses from the Montreal Harbour Board who were here gave us to understand that if a change were made of that kind it would seriously affect the selling of that grain. Would the European buyers be mixed up in that very long, or would they soon get to know it?—A. It would seriously affect the selling of our Durums?

Q. No, of the wheat going through there at the present time under the new certificate?—A. If this has to sell itself because it deceives the buyer, I think the quicker the sales are effected, the better.

Q. You do not think it would lessen to any great extent the amount of American wheat going through the port of Montreal?—A. No. If I remember the figures which were given, they were 20 million as against 3 million. I would imagine that 17 million of that grain went out unmixed, of American grain, and probably the other 3 million would be mixed with Canadian.

Q. I understood the figures to be 20 million all told, 17 million of American and 3 million of Canadian, and they were mixed together. That was my understanding.—A. Our opinion is that the reason there is a large quantity of Durum wheat shipped through Montreal is because it is the cheapest route.

Mr. GARLAND (*Bow River*): There is one question which we might as well clear up now. The question was raised not of the veracity of the witness, but of the accuracy of the information given by another witness as to whether the certificates have on them information that there is a mixture. Perhaps we could have a statement from Mr. Fraser on that point?

Mr. FRASER: There is no certificate issued at Montreal showing the mix.

The Acting CHAIRMAN: You will find the certificates printed in the evidence.

Mr. GARLAND (*Bow River*): That is right; we have it cleared up now.

*By Mr. Coote:*

Q. What grades of Amber Durum wheat do you handle? Is the bulk of them exported?—A. Of our grades of Amber Durum wheat handled this year there were 63,000 of number 1 Durum, 1,708,000 of No. 2 Durum; 2,744,000 of No. 3 Durum; 438,000 of No. 4 Durum; 241,000 of No. 5 Durum, and 16,000 of No. 6 Durum.

Q. Could you tell us where these lower grades were disposed? Did you export those, or sell them to the dealers in the United States?—A. The bulk of our Durum this year will be exported. We did sell some to dealers in the United States.

*By the Acting Chairman:*

Q. Just one question going back to the evidence we had from one of these Montreal gentlemen. He stated very emphatically in regard to 3 Canadian Western Durum that that grade was pretty hard to sell by itself, and it was that, he contended, which was chiefly used in mixing up these mixtures. In your judgment is that a correct statement?—A. No.

*By Mr. Coote:*

Q. That is the point I was on. I want to try to find out whether the pool marketed their Nos. 3 and 4 Canadian Western Durum under those grades, or did they sell them to these people in Montreal?—A. We marketed a portion of it for export. Probably of the No. 3 Durum from 50 to 60 per cent; of the No. 4 Durum, probably around 4 per cent; the balance is sold to these dealers in Montreal.

*By Mr. Donnelly:*

Q. What about the 1 and 2?—A. Largely exported.

Q. Through Montreal?—A. Some of it through Montreal; some through the United States ports.

*By the Acting Chairman:*

Q. But you did sell a proportion of this to American mixers?—A. Yes.

*By Mr. Coote:*

Q. If this practice were prohibited in Montreal, would it affect you to any extent in the sale of your low grade Durums?—A. Our information from our people on the other side is that they could find a market for the low grade Durums. You can see from that letter from Smith that he is quite of the opinion that it could be marketed.

*By Mr. Ross (Moose Jaw):*

Q. What is the difference between No. 3 Canadian Western Durum and No. 2 Amber Durum? Is there any great difference?—A. I would say they would be very close.

*By Mr. Coote:*

Q. Do you think it is a proper practice to have two grades of wheat going out with so little difference as two Amber Durum and the 2 Canadian Western Amber Durum?—A. You mean in the name?

Q. They are both being called "2." Of course, one bears the additional words "Canadian Western." Is that a proper practice for us to countenance? Is it not confusing in the old country?—A. Yes, I would say it is.

Q. The reason given to us by the members of the Standard Board who appeared before us from Montreal for calling this a 2 Amber Durum was that they wanted to make it compare with the United States 2 Amber Durum. Taking that into consideration would you still state it as your opinion that it is not a proper practice to continue?—A. Yes.

Q. I was not at the meeting of the Committee when they were discussing barley grades, but if I recollect correctly from reading the evidence it seems to me that the barley grades Committee were recommending the establishment of some low grade barley and giving it the same name or the same number as the corresponding barley in the United States. It seems to me they recommend adopting that principle.—A. Making it comparable with the 2 Federal in the United States?

Q. I think so.

*By Hon. Mr. Motherwell:*

Q. Since we are on barley, may I ask a question or two? The day before yesterday we had two excellent witnesses here who apparently had been sent overseas both to the United Kingdom and to Europe to inquire into this situation to enable them to put the last touch upon a new system for grading barley, upon



which they had been working for several months,—years in fact. At the end of the observations of these witnesses both of them indicated that in order to carry out this system of grading it would be necessary to special bin them in order to preserve the germinating characteristics of each, because we know different barleys have different dispositions regarding germination. We also asked Mr. Fraser if he thought it would be necessary to specially bin these. In other words, it was contended there be no mixing as regards barley, otherwise the policy they enunciated could not be carried out. If that holds good for barley out of which we make beer, would it not hold good with wheat out of which we make bread? Should we not preserve wheat the same as barley, intact? What do you think about that?—A. As I understand this barley situation—is it the idea of the Committee that there be no mixing permitted in barley?

Q. That was the idea, and that was the only way they could carry out this principle.—A. Or was it their idea to put out a certain standard of barley?

Q. Different varieties of barley, with different characteristics of germination?—A. As a matter of fact, I have not read the evidence before this Committee, but was it the recommendation of the Committee—

Q. The Committee has not dealt with it as yet. These gentlemen recommended there be special binning to keep intact the barley and to keep the grades separate, and that is the way it will have to be handled?—A. That is, barley selected—

Q. Two-row barley and six-row barley have different germination characteristics, as to time and so forth. However, if you have not read the evidence I will not press that.—A. I think barley has largely a specialty market. I do not think it can be compared with wheat.

Q. It was brought out that the real merits of these respective barleys could not be brought out by mixing, that they had to keep them intact because of their different germinating tendencies, and it occurred to me that the characteristics of our high grade wheat would be just the same, that you could not get full justice by a policy of mixing low grade stuff amongst them. Now, with regard to Garnet wheat—

Hon. Mr. MOTHERWELL: You were good enough, Mr. McIvor, to take charge of five or six thousand bushels of Garnet wheat for Europe and the United Kingdom. I may say that after hunting around in every quarter to find where we could get the best medium to get this wheat fair and square and keep it that way, we got in touch with the pool, knowing their connections throughout the country and abroad. We arranged for sacking, not so much for keeping it intact, but also for convenience of distribution on the other side, and we thought it would not be much more expensive to provide sacks than to distribute it and re-distribute it in bulk on the other side. I understand you have it nearly ready. Do you know what it grades?—A. It had not been inspected when I left Winnipeg, but the shipment has gone. It is on the way overseas. Ocean tonnage has been chartered. I think it will be a No. 2.

Q. It was as uniform as possible?—A. Yes.

Q. And representing all the three prairie provinces?—A. Yes. I think it will be No. 2 Northern.

Q. Supposing somebody had come along before that was ready to go out and said, "Now, Mr. McIvor, that is a pretty nice sample of No. 2 Northern; it could stand a little bit of sprouted Garnet, a little bit that was heated, a little bit rejected, with a touch of rye, a little barley and a little bit of smut and all the rest of the conglomeration associated with these straight grades."—I feel sure you would have objected on the ground that that was not a fair test for Garnet.—A. I do not know how you can really draw a comparison. Our

instructions from the government were to assemble this wheat and bin specially selected samples from all over the country, and after doing that we naturally would put no rejected into it.

Q. It would not do justice to the experiment?—A. Not after the efforts which were made to obtain that pure Garnet wheat. I do not think that is comparable to the question.

Q. You can seldom get things absolutely comparable in this world, but that is as close as I could get it.—A. Would you put your bin-burned rejected in?

Q. No, I don't think anybody would suggest putting bin-burned in it.—A. Well, rejected and smutty—I don't know as you could get those into No. 2 Northern.

Q. Yes, you can put smutty in. It goes into the best according to our information. Would that be a fair experiment simply because it happened to be a pretty good looking 2? I think you will agree, that it would not.—A. It would not in this way, that you are sending over a shipment of pure Garnet wheat. You have assembled that shipment for a specific purpose.

Q. We wanted to put our wheat over as good as we could.—A. I agree absolutely.

Q. Let us apply the same thing to others. Do you think the cargoes you send over would be as good as possible if it had all these various off-grades merged with them?—A. I think, getting back again to the standard, if you raise the standard you would not get them in there.

Q. I do not want to pretend that I am a willing convert to mixing, but if we are going to have it I would like to see the merits of it and try to look at it from every conceivable angle.—A. Try it out to see how it goes.

Q. Were you engaged in the grain trade prior to 1925?—A. I started in 1912.

Q. You know that mixing was practised long before it was legalized? From 1912 to 1925—about twelve years—it was illegal to mix, and yet the evidence went to show that half the elevators were mixing at the time the Turgeon Commission was sitting, and it has been legalized since that. We have had a long try-out—16 years, 12 illegal, and since it was made legal they have certainly “whooped it up for fair.” Do you not think it is time to give the men who hold different views a try-out, as we had it between 1900 and 1912? That would look like a modest proposal.—A. I would not dispute their right to try it.

Q. You said that you could not very well make a trial shipment. I think a lot of of the pools really felt that they could engage in beneficent and beneficial mixing. I know they did, because they told me so. There is a certain beneficial mixing if you can stop at that, but it is so enticing and attractive and alluring that they are not long engaged that way until they are in it up to the limit. Now, my proposal is that after these long sixteen years—and some of us do not expect to live more than sixteen or twenty years more—we would like to see the other tried out for a few years.

Mr. GARLAND (*Bow River*): But during twelve of those sixteen years the condition which he asks us now to adopt did exist.

Hon. Mr. MOTHERWELL: We are much wiser than when it was going on during that twelve years. We did not know that there was no inspector in the elevators. If you wanted to get in there it was by the grace of the owners. It was a go-as-you-please. Now we know differently. We did not know for many years that mixing was going on. We drifted, and our reputation suffered. It was claimed that our certificate final was as good as the Bank of England, but we were dwelling all those years in a fool's paradise, until finally it got such a hold on the country that they said “Let us make it legal now” and we did. I think we will catch on much quicker now than we would have sixteen years ago.

[Mr. George McIvor.]

*By Mr. Millar:*

Q. Referring to the certificate final: I take it from your evidence that you are in favour of continuing selling on the certificate final. Is there not a certain amount of reaction against Canadian wheat because of this final, that a cargo going over there gives them no redress? Sometimes we feel a little aggrieved. There are many statements on record where they have requested an appeal board. Do you think it would be worth while to make an effort to give them an international appeal board?—A. You would have them appeal on every shipment. I must say candidly that I have not seen any evidence of dissatisfaction on the part of the buyers with the fact that the Canadian certificate is final.

Q. Well, I notice statements from Hon. Mr. Hamilton and I think from Dean Rutherford, to the effect that there are several statements from Old Country buyers that they think they should have an appeal board.—A. I have talked with most of them personally and I have not had that suggestion from any of them.

*By Mr. Ross (Moose Jaw):*

Q. They arbitrate a great many cargoes from other countries where they do not have a certificate, whether they think it is right or not, they take a chance?—A. Yes.

*By Mr. Millar:*

Q. In most other countries they have an appeal?—A. They have from Australia and Argentine, but the buyer will arbitrate and try to make it stick if he can. They are very, very careful dealers.

The ACTING CHAIRMAN: I would suggest we let the demand come from them, and not from us.

Mr. MILLAR: The demand has come from them. I can show you several statements where they think they should have an appeal board. I am inclined to think that Canada and the United States only sell on certificate final.

The WITNESS: We never had any demand for it in our marketing experience.

Mr. GARLAND (*Bow River*): I do not think a demand on their part would justify us in doing that either.

*By Mr. Ross (Moose Jaw):*

Q. Mr. McIvor, we were speaking of barley a few moments ago. Do you think there would be a good market for malting barley from Canada if we kept our different classes of malting barley separated as to grades?—A. I must confess, Mr. Ross, that I have a very full report here from Mr. Bredt and Professor Harrison, but I have been so busy that I have not had an opportunity of going over it thoroughly, and without having that information from the report, I would rather not answer the question.

Q. Do you export very much barley?—A. Yes.

Q. Through your organization?—A. Yes, we export a fair amount.

Q. It is practically all used for feed?—A. Mostly.

*By Mr. Millar:*

Q. What is the factor in wheat, since Mr. Garland has raised the question of protein?

Mr. GARLAND (*Bow River*): I apologize, Mr. Chairman.

[Mr. George McIvor.]



*By Mr. Millar:*

Q. Is not strength the factor mostly demanded by the British buyer for Canadian wheat?--A. Yes.

Mr. MILLAR: Which is practically the same thing.

Mr. DONNELLY: I move we adjourn.

Mr. ROSS (*Moose Jaw*): Mr. Chairman, before we adjourn, I think we ought to thank Mr. McIvor for his evidence given to-day. He has been at it practically all day, and has given us a lot of very valuable evidence.

Some MEMBERS: Carried.

The Witness retired.

The ACTING CHAIRMAN (Mr. Brown): Gentlemen, we will adjourn until Monday, when we will have Mr. Steele, and on Tuesday we will have the Board of Grain Commissioners.

The Committee adjourned until Monday, May 20, at 11 o'clock a.m.

HOUSE OF COMMONS,

MONDAY, May 20, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., Mr. Glen presiding.

The ACTING CHAIRMAN: Gentlemen, Mr. Steele is the only witness here this morning.

ROBERT CRAWFORD STEELE called and sworn.

The ACTING CHAIRMAN: Now, Mr. Steele.

The WITNESS: Mr. Chairman and members of the Agricultural Committee; it has been intimated to me that you would first care to hear the position that I hold and the work of the Department for which I am responsible. By the way, if no one has any objections, I have some notes here that I will probably have to refer to from time to time. It is rather difficult, not being used to this, to give it from memory, although you may know what you are speaking about.

For the last four years I have been in charge of the Saskatchewan Pool Grain Checking Department at Winnipeg, and a member of the Board of Grain Appeals at that point, for eighteen months or thereabout assisting the Grading Committee of the three western pools when called upon, and for the last five months attached to the Saskatchewan Royal Grain Enquiry Commission, in a grain grading advisory capacity. The Department for which I am responsible is stationed at Winnipeg. We have a branch office at Moose Jaw, and where necessary we station a man at Saskatoon, when the government terminal at that point is being filled up.

During the last year the Central Selling Agency of the three pools has established a checking department at Fort William, and two of our Saskatchewan grade checkers are down there at present. We have eight men employed in checking the grades at Winnipeg, one at Moose Jaw, and three at Fort William, at the head of the lakes. The duties of our department are to check the government grading on all Saskatchewan pools grain inspected at primary inspection points, and that is on the probe sample, the original initial inspection sample, and to check the unload samples of all cars on the automatic sample which is taken at the unload in pool terminals, or if unloaded at other terminals, where no automatic is installed, on the official government sample. In addition to all this checking of the grades—I might say that it takes us actually less than half of our time—we have to deal with complaints of the country shippers on all grading questions, all grading and separation questions, and to carry out the instructions of the shippers, when they call for reinspection, appeals and so forth, on their car shipments, and also attend country meetings in the winter time and country fairs in the summer, explaining the present grading system and dealing with complaints.

When a car of Saskatchewan Pool grain comes forward to the initial inspection point, it is sampled and graded by government inspectors, of course. After that inspection is completed we secure the samples and the inspection certificate given for those samples, and go over all those samples with a view to securing a better grade for the shipper, if we are not quite satisfied with the grade, or if there is any chance of having the grade raised. We take back to the Chief Inspector possibly eight per cent of our total inspections, if in our opinion there is a chance of being raised on reinspection or appeal. We can take these back to the Chief Inspector himself, to the Assistant Chief, or to the Chief Deputy,

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any one of the three, or all three; there are no restrictions whatever upon us at all. We have the fullest access to the government inspectors, when we call for reinspection. The inspector when we take back samples will raise the grading on any grain which he considers worth a higher grade than the deputy inspector has placed upon a car. Possibly two per cent of the total is raised; the balance is reinspected at Fort William on the automatic sample taken at that point. The first sample which is reinspected is the probe sample, the next sample reinspected is the automatic sample taken at unloading, where it is possible to secure it. We secure a certain number, probably one and one-half per cent of raises of grades, or lowering of dockage on the unload sample. That seems comparatively high, in view of the fact that the Chief Inspector has examined the original sample taken from the car and it can only be, in my opinion, explained by the installation of the automatic samplers, which have proved the variation of the unload sample from the probe sample.

After the Chief Inspector or his Assistant at Fort William has reinspected the remaining samples which we could not raise in Winnipeg, has changed those which he was able to change, and if we are still satisfied that the grade should be raised, those unload samples are sent back to Winnipeg, and the Chief Inspector himself or his assistants, have another chance to look at the samples from that car, the unload sample instead of the probe sample which he had originally examined. We secure a certain number of raises on that sample which is sent back, and the appeals on payment of three dollars are placed before the Board of Grain Appeals, and we secure half of one per cent of raises in grade, that is, half of one per cent of the total inspections. As well as the Pools checking these cars at unload, the Government Inspectors at the unload point also check dockage and grade, but not on every car that is inspected. And as a department we are satisfied that the producers' interests would be more fully protected if every unload inspected was re-checked by the Government Officials themselves at unload; that the original Inspection Certificate at the primary inspection point be made provisional only, and that the final grade be established at unload.

I did not mention much about the re-check at unload. I forgot to mention that regardless of those cars which we call re-inspection on, our staff at Fort William examine all unload samples and call re-inspection on those which we possibly might not have called it on before. They are able thus to catch those cars which we cannot catch due to the fact possibly that the automatic sample is of better quality than the previous sample which we had inspected.

After taking what action we consider necessary to protect the shippers' interests, we also take whatever action the shipper himself considers is necessary to protect his own interests. That is, regardless of the fact that we consider the grade is properly placed, the shipper himself might not be satisfied and might give us instructions to call a re-inspection or appeal. While many of these shippers' requests reach us with the bill of lading there are a great many of them which do not reach us until the car has been unloaded and the identity lost. In this latter case the shipper has no legal right to re-inspection or appeal; but we can usually comply with his request by getting the permission to appeal. But our producers would be better satisfied if the unload samples were preserved for thirty days with the right of appeal.

In the course of our work we notice that the inclusion of an additional grade between 3 Northern and No. 6 would be of advantage, because in many cases a man's grain will just lose a grade by a narrow margin and will be placed in a lower grade with a disproportionate lowering of the price. We consider that in adding another commercial grade the price spread will be narrow and the loss of these individual shippers, whose what we call line wheat would get the lower grade, would not be so great.



There also is a great deal of dissatisfaction, or has been particularly in the last two years, in the case of a man whose wheat contains only 14·6 per cent moisture having to accept the same spread in price of the low straight grade as a man whose grain has 17 per cent moisture. The statutory division of tough grain into two classes would take care of that situation.

The statutory definition of 3 Northern, in our opinion, permits of too great a variation in the quality within the grade. And also Nos. 1 and 2 C.W. Amber Durum permit inclusion of other varieties which are inferior in milling qualities, Mindum and Kabanka.

In the course of dealing with complaints of shippers verbally or through correspondence, we noticed a great many cases where a shipper, shipping two cars of the same grain, has received two different grades at different times. We also have come across complaints of a man receiving a different grade at one inspection point from that received at another for the same type of grain. We consider this is quite a cause for dissatisfaction in the community, but we also feel that it is unavoidable unless there can be greater co-ordination between inspection points and greater supervision over the Deputy Inspectors; because, as I was saying a while ago, there is somebody appointed to call for re-inspection on undergraded cars, but there is nobody appointed to call for re-inspection to have a car or grain lowered in grade. And even when a car is, well, not considerably but clearly below the line of one grade and has received a higher grade, there is no representative of the producers who is going to take it back to have the grade lowered, in spite of the fact that he has full knowledge of the trouble it will cause dissatisfaction back in the country.

We have many requests during the course of the season, from shippers who have cars of mixed grain, Nos. 1 and 2, that is mixed wheat and oats, or oats and wheat, for separation and for grading on the basis of that separation. There is no provision made for this separation, in the Act; but we are usually able to comply with the shippers' wishes, but not in all cases. We have been refused separation on mixed grain Nos. 1 and 2, in spite of the fact that the shipper was demanding it. As I said, there is no provision in the Act compelling the terminal elevator to make these separations, although many of them are willing to do it.

We also have requests for the separation of wheat and wild oats, not necessarily wheat which was graded wheat and wild oats, but wheat containing 15 or 16 per cent wild oats. There is no provision in the Act for making the separation. Shippers are of the opinion that wild oats are worth cash money, and they receive screenings for it. They are perfectly satisfied that their wild oats are worth a great deal more than they are receiving in the initial settlement.

*By Mr. McMillan:*

Q. Do you think they are?—A. I know they are.

Another thing which we find trouble with although not much, is the special bin sample box being sent in to the Chief Inspector, in accordance with Sections 158 and 159 of the Canada Grain Act, considerably later than the fifteen days specified in the Act. In very few cases, I believe, but in a very small percentage of cases are those specimen cases sent in for comparison under the Act, and we consider that thirty days is plenty of time for the farmer to find out the grade of his car and have it sent in to the Inspector. We have had a great many cases where an elevator company objected to settle on the findings of the Chief Inspector because those sample boxes came in late.

By the way, there is one thing I forgot when I was talking about our duties in Winnipeg. I forgot to mention that we also grade all agents' samples which are sent in to us for grading and advise the agent of the quality within the

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grade, and also all farmers' samples which are sent in to us in paper envelope samples for grading. In addition to that, we check the Government grading on all two-pound samples which are sent to the Chief Inspector subject to the inspection grade and dockage.

Now in our checking of cargo samples, we find a lack of uniformity in the quality within the grade of cargoes when they are shipped out of terminal elevators, as witness the fact of the number of cargoes turned down by the Government Inspection Department this last season. Some will be below the line, below the standard, or probably will be around about the standard, and some will be slightly above, and others will be considerably above.

On checking cargoes for the Royal Grain Inquiry Commission at Calgary last week, I came across two cargoes which were put out by a private terminal elevator as No. 4 wheat. The inspector in charge refused a certificate of No. 4 in both cases. One cargo had been placed before the Board of Grain Appeals in Calgary and the elevator sustained in its grade of No. 4 wheat; and it was shipped out as No. 4. The other cargo which had been refused a certificate by the inspector in charge out there was not appealed by the terminal concerned, but was unloaded in these big boxes or sacks,—at Vancouver they have either to use boxes or sacks to unload, and in this case they unloaded in boxes, in the ship's gear.

*By Mr. Millar:*

Q. In this case was it a public or a private elevator?—A. A private elevator in both cases. They unloaded it at the Lapointe pier into railway cars and transferred those cars back to the elevator again and unloaded it. Now that method of unloading due to the fact that there is no unloading leg at Vancouver, would probably explain the fact that the average cargoes at the port of Vancouver are considerably above the standard. The fear of having a cargo turned down, with the loss of the expense caused by having it turned down would possibly have some effect upon the quality of the cargoes.

We are of the opinion that if a higher standard had been used, something similar to the 75/25 suggested by the three western Pools and the Saskatchewan Royal Grain Inquiry Commission, there would have been no chance of either one of these cargoes going overseas graded No. 4 wheat. They both contained considerably too much frosted and green for straight No. 4; they also showed quite an evidence of badly smutted kernels, and the Government Inspector was certainly justified in refusing the certificate on those two cargoes of wheat, although one of them received the certificate from the Appeal Board. I have not seen any of the members of the Appeal Board or the Chairman since, as I have just come back from Vancouver yesterday.

*By Mr. Coote:*

Q. You would then differ with the Appeal Board with regard to that one cargo?—A. Yes, I would. But when coming to a higher standard for cargoes, it would appear that any government or public terminal would require a certain amount of protection, and it has been suggested that all terminals might be operated under one form of license, and be under the control and supervision of the Board of Grain Commissioners; that all grain be registered by the Board inwards and outwards by grade as well as by weight; that warehouse receipts be issued by the Board only; and that returns be made to the Board, as is at present done by public terminals and subject to the same regulations now in force for public terminals, such as periodical weight, forfeiture of overages in weight, and acceptance of all grain offered for unloading. This would permit all terminals to ship out a uniformly higher grade of grain, and would give the Board of Grain Commissioners a thorough and adequate check for any mixing that might be done in any terminal. There is no question about the harm there is in some kinds of mix,

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because when very badly smutted grain gets into a cargo of straight grain it is going to do harm, or when rejected mixed heated, or something like that; but with an adequate check like this installed there could be none of that.

*By Mr. Millar:*

Q. In case of smutted wheat, would you make any exception with very small quantities?—A. I would make exception of any quantity that you could see. I will say this, though, that there is very little smut tagged grain getting in. Small quantities could get in, in a reasonably sized cargo, without affecting the quality of the flour, without the taint of same being noticed in the flour, and as long as it is not noticed I cannot see any harm that it has done to the grain.

*By Hon. Mr. Motherwell:*

Q. As long as you can see it, or smell it?—A. As long as you can see it or smell it, it will harm.

*By Mr. Donnelly:*

Q. Would you mind explaining that running of the elevators again?—A. They should be operated all as terminal elevators, not as either public or private; they are all terminal elevators, privately owned if they want to, or publicly owned, if they want to. I will read that over. All public terminals, or all terminals might be operated under one form of license only, to be under the control and supervision of the Board of Grain Commissioners in that all grain be registered by the Board, inwards and outwards. Right there, you see, the Board of Grain Commissioners registers the grain in public terminals inwards as well as outwards. That is the difference there would be, that is, there would be supervision by the Board instead of any outside authority.

*By Mr. Ross (Moose Jaw):*

Q. Just on that point, Mr. Steele, at the present time they register in and out as to grades?—A. And weight.

Q. And they are not allowed to ship except the amount that is registered in of the grade?—A. Well, that is adjusted at the end of the season if there are overages. I would rather you ask Mr. Fraser how they deal with that; but that is adjusted at the end of the season. There are certain adjustments necessary, because they certainly do not ship out exactly what they ship in. As I say, they would be under the control and supervision of the Board of Grain Commissioners in that all grain would be registered by the Board inwards and outwards by grade as well as by weight, and warehouse receipts issued by the Board only. Returns to be made to the Board as is at present done by public terminals and subject to the same regulations now in force for public terminals, such as a periodical weigh-up, forfeiture of overages in weight, and acceptance of all grain offered for unload. I have put that in my own wording.

*By Hon. Mr. Stewart:*

Q. You would put private terminals under the control of the Board of Grain Commission, and under the same provisions as public terminals are operated?—A. Not as those are operated at present, no, not entirely. I have left provision there for mixing to a higher standard. You see, I brought in the standard first, and the necessity of having uniformity of operation.

Q. That is the only difference though?—A. Yes, that is the only difference.

Q. You fix a standard for outturn?—A. All terminals would have the same outturn standard if they were compelled to unload all the grain, and were not permitted to divert. As a private terminal operator, if I were getting a low quality of the grade, I would naturally divert to the public elevator. If all terminals were under the one license, then none of that could be done; there would be no possibility of that being done if all terminals were compelled to unload.

[Mr. Robert C. Steele.]



Q. You say, though, that you do not follow that system with the private terminal; then diversion would be to the public terminal in view of the fact that you have raised the standard of outturn. Is that right?—A. Yes.

Q. How does that come about?—A. I have possibly not explained it very clearly. If I were an operator of a private terminal and were compelled to comply with the higher standard, I would naturally divert to the public terminal which must take in any grain offered, which cannot refuse to take it in. I can refuse to take it in under the present Act, the public cannot.

*By Hon. Mr. Motherwell:*

Q. That is what is being done?—A. It has been done.

*By Mr. Vallance:*

Q. If you are going to forbid that being done, and if you have got to take in the minimum of the grade, how then are you going to get a standard? You are diverting it now, but you are not going to be allowed to divert, if we adopt your policy, so that you must lower your standard in order to get your grain out?—A. I do not quite see that.

Q. You are operating a private terminal elevator; along comes a flow of grain, and you, as the operator of that private terminal, have the right to divert it for some reason. Your reason is that you are getting too much of the minimum of the grade. Supposing that right is denied you and you must take it in; you cannot then ship it out to as high a standard as you otherwise would have done if you could have diverted it to the public terminal?—A. As I otherwise would have done? Oh, yes, emphatically so. As the Act stands at present I do not have to mix up to any standard above the initial standard that is set. I can divert all my lower grades to the public terminals.

*By Mr. Ross (Moose Jaw):*

Q. Supposing you are a line elevator company and you get a load of low grade stuff, and you shoot that to someone else's elevator, and you shoot to your own elevator the good grain, how are you going to get away from that? You say that the public elevator has got to take that grain in; how could you do that? You mean you could order the poor stuff to a certain elevator?—A. That can be arranged quite easily. The Board of Grain Commissioners could take care of that situation without any difficulty whatever.

Q. If they can, that is what I am looking for?—A. Oh, yes.

*By Mr. Donnelly:*

Q. Suppose, for instance, that a public terminal has more cars than it can handle. The railway company goes to them and says, we want you to unload those cars. There may be a thousand or five hundred there, piling up in the yard, and the railway company says to them, if you do not unload them we will ship them to some other point. If you are going to compel those elevators to unload all the grain in those cars, are we not liable then to have a blockade?—A. That would only apply, Dr. Donnelly, as long as they had room. You could not, of course, force them to unload cars if they did not have the room.

Q. In that case, would they not say, "All right, you must take those cars and pick them out"—A. As a matter of fact, the railway company comes in and takes fifty cars; they take them just as they come. They are not going to do that, because it costs too much money shipping them back and forth. It would dam the flow of grain.

Q. Yes, if you compelled them to unload everything?—A. Oh, yes. I just have in mind a general idea without going into too much detail.

*By Mr. Lucas:*

Q. If this 75-25 outturn were adopted it would materially increase the standard above what is going out now at the present time, in your opinion?—A. Yes, it would materially increase it.

Q. Well, then, if you were compelled to accept all the grain coming in, whether it was under the grade or not, would you be able, as an operator of a terminal elevator to live up to the 75-25 standard?—A. I believe so.

Q. You think you would have no difficulty?—A. Yes.

Q. Assuming they are all controlled alike?—A. Yes. I would be perfectly satisfied to do it, and would guarantee to do it.

*By Mr. Coote:*

Q. You said in your answer to Mr. Ross something about the diversion of the good grain to the line elevators. Just what had you in mind?—A. Just forbidding the diversion of cars; if you forbid the diversion of cars at the initial inspection point; you cannot divert them after they get to Fort William.

Q. When the car is billed from the country point is it billed to some certain terminal elevator?—A. Yes, in most cases.

Q. Is it in all cases?—A. No. Some of them are billed to order and advice, in which case they go to a public terminal usually.

Q. Suppose they ask to have the car billed to their order and advice, then could they not advise the railway company at Winnipeg where to send each particular car?—A. Yes, but the difficulty they would be up against there would be this, that there are very few country agents going to be able to say—I presume you mean the country agents would notify the railway company in Winnipeg—when the grain is very low in grade, sufficiently low to make it profitable to divert it to someone else.

Q. Could not the company, or could not the agent say, when the car reached Winnipeg, say to the railway company the terminal to which this car should go?—A. It could be arranged.

*By Mr. Ross (Moose Jaw):*

Q. It could be done on the cars shipped for orders. I realize that there is a charge against that?—A. Oh, yes.

Q. There is a charge by the Inspection Department, or the railway companies, one or the other against a car shipped for order?—A. Yes.

Q. But that charge is only \$3 per car. Might it not pay them to ship all their grain for order and then divert it?—A. Well, I do not think it will ever be done, or ever could be done.

*By Mr. Donnelly:*

Q. Do you think if the 75-25 standard were adopted that there would be as much of this low grade stuff mixed into wheat, that is off grades going in, as we have at the present time?—A. If there was a 75-25 standard?

Q. Yes.—A. No, I do not. A good deal of these off grades can be put in shape. As I mentioned a little while ago, if it is just slightly smutty, and mixed in in such a proportion that it will not taint the cargo, or cannot be noticed by smell, or cannot be noticed in the flour when it is milled, that would not lower the grade to any appreciable extent. Or if a car of grain was in there rejected for barley, we will say, a great deal of barley, according to the types, can be cleaned out, and can be cleaned out well. That rejected car could be cleaned up, and the grain would be really above the average of the grade in many cases. If you were to take and put one car of rejected for barley, say containing 100 bushels of barley, in with nine other cars of straight grain of 3 Northern, after cleaning it, it does not change the composition of the barley;

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there are still 100 bushels of barley in the ten cars, but if you cleaned it up you could make it so that it would not do any appreciable harm, but then there is rejected with coal. Of course, there is not much of that and it can be cleaned and put into a straight grade, but where this comes from mixed heated or condemned or rotten kernels—cockeral can be dealt with—there is not much of it, nor of ragweed—badly sprouted and slightly sprouted—there is another case where it can be added without any appreciable harm, in my opinion.

Q. Is there much scrubbing for smut, at the head of the lakes?—A. There might be, but I do not know of it, to my personal knowledge. I understand that there is none at all.

Q. One man told us that there was, but all the others have said that there was not.—A. I would not say that there was not, but I have no personal knowledge of it.

Q. Would there not be considerably larger amounts of off-grade stuff to be handled?—A. Yes, there would.

Q. Do you think you could get a market for it and sell it as off-grade stuff?—A. Well, a great percentage of it, yes, at a price. It might not be as good as you receive for some at present. The tough and damp can be conditioned now, and the slightly tough can be mixed in without any appreciable damage.

Q. We have the two suggestions, one of which is the 75-25. The only difficulty we see with it is that the elevators running as public elevators would never be able to keep up with the standard. In fact, Mr. Fraser said that they never would be able to.—A. I believe that.

Q. Take the Robin Hood Mills at Moose Jaw; in what position would they be?—A. They would be in the same position as a terminal elevator.

Q. But they come and just pick off the tops of the cars and mill that, and put the rest back in the elevator—then they would not be able to keep up to the 75-25? Supposing the Alberta Pacific shipped in one hundred cars and they say that the Robin Hood mill could pick out fifteen or twenty, and they picked out the tops of those cars and put the rest into their elevator at Moose Jaw.—That might be a difficulty but I doubt if it could be consistently done, from my knowledge of the operations of these terminals and my general knowledge of the grain business.

Q. But there is a possible difficulty there?—A. There is a possible difficulty which could also be governed by the Board of Grain Commissioners.

Q. We feel as if we left a hole there.—A. And somebody would jump through it.

Q. —as big as a pin, and in time, in two or three years, you could drive a horse and wagon through it.—A. I believe that situation could be controlled by the Board of Grain Commissioners if they cared to, because we sell a great deal of grain to these mills, and we do not permit them to do that. I do not see why they should be permitted to do that, in the public interest.

Q. I can hardly see how the Board of Grain Commissioners could step in and prevent these men from picking out the tops of fifteen or twenty cars and saying, "We will take that to the mills and will let the rest go into the elevators".—A. Could they not make a regulation to prevent them from seeing the sample?

Q. You can hardly do that. If you do, you will keep all the pool people from looking at your samples.—A. No, not necessarily. We see the samples a day after they are inspected. The mills, in order to divert these cars, must see these samples as soon as they are stamped, and must have a representative with the men who are sampling the cars when the seals are broken. There is no logical reason why any of these men should be permitted in the railway yards. We do not go in there.

Q. You see the sample afterwards?—A. Yes.

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Q. But if these people are buying they have the right to see the samples.—  
A. After it is graded, but they cannot see it in time without seeing it at the cars, and the cars have gone forward; that is, unless they would bill it directly to them and held it over.

Q. If it were billed directly to the storage elevator at Moose Jaw and they came and took so much out of it—A. I will tell you. I think it would be very improbable. I am hardly in a position to give the details of preventing that—

Q. I can see the possible difficulty arising in that case, and the same would happen at Calgary, Edmonton and Saskatoon where we have our public elevators and our mills as well.—A. The mills would be subject on the grain shipped out of the mill to the same standard as the terminals, due to the billing of these cars to the mill and would it not be possible for those cars which are forwarded to be subject to the same standard? They are billed to the mill in the first place. The government inspector, when the car is shipped out of the mill, grades the car at the point of shipment. If the cars were forwarded, why could they not be graded again?

Q. They would. For example, if they were shipped to Moose Jaw they inspect them in the mills, and the miller picks out fifteen cars, say, out of a hundred and says that he will ship the other eighty-five to the public terminal, and let the grain be stored. The same inspector then goes over it again and if he has inspected it once, and graded it as No. 3 Northern, it would be pretty hard to see how he could grade it lower the next time.—A. They would be subject to the same standards as if they had shipped it out of these bins. They are mill shipments to the terminal elevators.

*By Mr. Ross (Moose Jaw):* .

Q. Do you think they would be shipped on the 75-25 standard?—A. They would have to be.

*By Mr. Lucas:*

Q. Would that not prevent the Alberta Pacific from allowing the mills to take the tops, because when they went to get their grain out of the terminals they would not come up to the 75-25 standard, and they would be the loser. They would not allow anybody to skim off the high grades.—A. There would be a tendency that way.

*By Mr. Donnelly:*

Q. The public terminal would be the one to get the certificate for the Alberta Pacific. For instance, in the terminal at Moose Jaw it would be pretty hard if you put in a No. 3 and they graded in No. 3 and there was no mixing, to see how they could refuse to give them a No. 3 when it came out again even if it were the minimum.—A. They could not, but these cars went in there after getting the certificate. They already have a certificate when the government inspection department at Moose Jaw shows No. 3 Northern, but it is the mill's grain to all intents and purposes. The mill ships out 85 cars to the public terminal, and they would be graded again, and when they are graded again from any other terminal or any mill they are subject to the 75-25 grade.

*By Hon. Mr. Stewart:*

Q. I would like to get your opinion about this matter: if we increase the standard of the outgoing cargoes which after all is protecting the standard of the grade we are shipping to our customers where the bulk of our wheat goes, does that not have the effect of regulating all the internal operations on the wheat—if we insist on the standard of the grade going out showing a good fair sample of that grade? It appears to me from listening to the evidence that this would pretty nearly cure a whole lot of the difficulty of skimming by the mills, if we

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insist that the elevators must live up to that standard, and see to it that the standard of that grade gets to the Old Country or our foreign purchasers? If that is so, have we not cured a great many of the difficulties complained of?—

A. That stands to reason.

Q. If not, we as a Committee would like to know if there is any other thing which is quite so important as increasing the standard which goes out in our cargoes to the purchaser?—A. That is, in my opinion, the most important thing.

Q. Why I ask that question is that we have talked a great deal about the mills skimming. I am not so concerned about that, if we keep the standard of our wheat up in the markets which will purchase it, but if the private or public interests engaged in the grain business cannot ship below that standard then we are giving assurance to the foreign purchasers that they are getting a fair sample of the grade of grain they are buying.—A. Yes, they are paying for what they are receiving, and they know it. That is my opinion—a real standard and a rigid enforcement.

*By Hon. Mr. Motherwell:*

Q. Will you just elucidate the difference between the 75-25 and what has been in vogue, so Mr. Symes says, for the last four years, that is, 60-35-5? Then we will be making some progress about what is desired in this particular respect. What is the essential difference between 75-25 and what is in force now—I don't mean in force by law, but by Mr. Symes as being necessary in his estimation in order to keep up the quality of our goods?—A. Mr. Symes states, does he, that that standard is necessary in order to keep the quality of our outgoing grain up?

Q. Yes, he has been using it for four years.—A. Does he state that he compels it all to come up to that standard?

Q. I don't know whether he does or not. The weakness of the system lies in the fact that the law is not behind him, but in the practising of it and the carrying out of it, in spite of the higher standards, a great many complaints have come to us from the old land about the last three or four crops. Is there any difference between those two formulae?—A. If he were able to keep the cargoes up to the standard, such as he stated to the Saskatchewan Royal Grain Inquiry Commission—

Q. And here.—A. Here too? As I say, if he keeps all the cargoes uniformly up to that standard, and was able to keep them up, and did, I am sure the complaints would have been nothing.

Q. If the standard is so important—and I think it is—why, here we have a standard which was recommended by the Turgeon Commission which provided the same standard for the mixer as it did for the farmer, and what the farmer wants to know is, why he should have to comply with one standard and the mixer comply with another. The Turgeon Commission recommended a solution of that by the insertion of this paragraph:—

“All grain inspected out of private elevators or out of special bins as aforesaid shall be required, in order to receive a grade, to be equal to the general average quality of any similar grades passing inspection at the initial official inspection point, and shall be properly cleaned.”

That means, to a certain extent, Winnipeg so far as the head of the lakes is concerned. It might also be graded at other points, such as Moose Jaw, Calgary and Edmonton. They recommend that, and it would make it very much easier to explain to the farmer that he has to comply exactly with the same standard as the mixer, and that the mixer has no edge on him because he must comply with the same standard as the farmer.

Now, when I begin to explain that the standards are not the same, I admit that I have to go carefully, taking the 75-25 and the 65-30-5. Perhaps I do not understand myself, and I will probably make it worse before I pass it on

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to somebody else. Can you not simplify it for us?—A. Well, there have been suggestions alright, but I do not know that they would simplify matters. I have had suggestions put up to me, that we take a certain percentage of the standard of the higher grades, that is, the minimum higher grade, and make the cargoes' standard average lower.

Q. It is quite a complex problem?—A. I was going to mention what you said about the farmer complying with the same standard as the mixer. That is just about exactly what he does to-day.

Q. He does not think so; why not make it that way, if he does it?—A. There would be no benefit, if it were made that way.

Q. Benefit to whom?—A. The benefit of the shipper; there would be a benefit to the mixer.

*By Mr. Donnelly:*

Q. The suggestion was the average going through Winnipeg; you could not make the farmer do that?—A. You could not tell the farmer that the mixer was complying with that same standard as he was, because the farmer must come above the minimum; the mixer must come above the average.

Q. To the average?—A. To or above the average.

*By Hon. Mr. Motherwell:*

Q. The average coming through Winnipeg has for many years been taken as being the proper average to go out on the lakes. I am told that conditions are now different. I admit that they are very much different, especially the condition of the wheat going out. But that was carried on for many years, with the average out-turn of the mixer the same as the average out-turn of the farmer. That is much easier to explain than going into all these compounds, interesting as they are.—A. There are things that are hard to explain but which are clear in the person's own mind.

Q. But we are not experts. I wonder when mixing was started; were you in the grain business before you went into this pool business?—A. In the country end of it. I have been more or less connected with it since 1902.

Q. I am talking about the mixing end. A certain standard has been put on, after it has been graded by a government official. Do you know when mixing started?—A. No, I do not remember.

*By Mr. Donnelly:*

Q. How long have you been in it?—A. I started in 1902, in Manitoba, as assistant inspector.

Q. How long have you been connected with it outside country elevators?—A. For the last four years.

Q. Just the last four years?—A. Yes.

*By Hon. Mr. Motherwell:*

Q. I was quite pleased to hear your remarks about the objectionable practice of mixing smutty grain in with the straight grades. That is very objectionable in the opinion of most people who know the taste and smell of the smutty grain. I was wondering where you would stop; it is said a little barley here or there would make no appreciable difference?—A. I meant to clear it up, to clean it as far as possible.

Q. You cannot clean smut without washing it?—A. No. Even washing it will still leave a taint.

Q. Do you know any companies or firms that wash or clean the smut?—A. No, I do not.

Q. Then why take the chance? You know there is an awful temptation to a person, if he gets his nose in he wants to put his head in, and then his shoulders and it goes on from one thing to another. It is a temptation. I do not say that

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it applies to the mixer any more than to anybody else, but that is the way it goes, a little of this, that or the other. Now there are 550 off-grades?—A. They do not amount to a great deal in the aggregate, only 5 per cent.

Q. But you know the old Scotch saying, "Many mickles maks a muckle." We have had mention of 1,500 grades. Add an appreciable amount of those to something else and they will make quite a factor when a man comes to analyze it on the other side, when he takes his sample to a chemist.

The ACTING CHAIRMAN: What is the question you are asking the witness, Mr. Motherwell?

*By Hon. Mr. Motherwell:*

Q. The question is whether or not all these little, so-called unappreciable, little bits of blemished grains amount to quite a bit when the cargo gets into the buyer's hands?—A. I do not think so, if properly regulated. If the elevators were obliged to make proper returns to the Board of Grain Commissioners; the representative of the Board at that elevator would know exactly what is coming in, and would know the proportions in the elevator, to a greater or less extent, and they know just about what is going out in these cargoes.

Q. You mean, as one witness said, if it were not dumped in?—A. There is no excuse for dumping.

Q. One witness said if it were done scientifically, it could be put into the cargoes in such quantities and in such a way that it would be indistinguishable?—A. Yes but there is such a thing as not being indistinguishable. When you more or less carefully look over a sample, it is quite distinguishable. If you have knowledge of the fact that there is some objectionable damaged grain in that car, and you are looking into every car for these damaged kernels, you can pick them out, all right.

Q. You think you can pick out this white quality spring wheat from Amber Durum?—A. Yes, unless there was a little in there and you were not looking for it. The definition permits a certain amount of white spring in Amber Durum, depending on the grade.

Q. Is it permissible to put spring wheat into Amber Durum?—A. Yes, the grade permits a certain percentage of spring wheat in Amber Durum.

Q. How much?—A. Five per cent for No. 1 Durum, 10 per cent for No. 2, and 15 per cent for No. 3 Durum. I believe I am correct in that.

Q. And just mix to that. Mr. McIvor gave that evidence the other day?—A. Why would they mix to that? That is, Spring Wheat by itself, and Durum by itself, are worth more money to the terminal than if they mixed 15 per cent of Spring Wheat in Durum.

Q. The first mix I saw at a terminal, 10 per cent of Spring Wheat being put into No. 3 Durum?—A. It is possible the price of that wheat was very low.

Q. Is it good business, putting that wheat and bread wheat together?—A. No.

Q. It is not good business for us?—A. No.

Q. Nor for the buyer?—A. No.

Q. Nor the State?—A. No.

Q. I see this document got out by the Board of Grain Commissioners indicates that there were more than 500 off-grades, grades with some blemish on them, with interminable characteristics, all kinds of blemishes and all kinds of compounds, and all kinds of complaints of different things being wrong. Mr. McIvor was quite frank about it. All these off-grades went out in some form of mix except about one million bushels that had to be handled on their own merits or demerits?—A. Yes.

Q. That million would be the worst to work in?—A. Yes.

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Q. If he can sell the worst of those, why cannot he sell the others on their merits or demerits?—A. Well, there is always a sale for grain; you can sell it all right.

Q. But he has been successful selling the worst by themselves because he could not work them off. He has not all his good grain sold. If he can sell, the worst of them on their merits or demerits, why can he not sell the rest of them, these off grades?—A. It depends on the quantity, the price you are getting; if you have a great many of these grades many of them could be cleaned up and conditioned for the straight grades. A great percentage of those could be so treated.

Q. And a great percentage are preventable also by the grower himself?—A. Yes.

Q. But there are some that are climatically brought about?—A. Yes.

Q. The point I want to make is this; can you inform me if it is possible to work all of these off into straight grades, no matter how unappreciable they may be in themselves? How is it possible to work off ten or fifteen of them into that cargo without lowering the grade of that cargo?—A. Take the grade of Rejected 3 Northern, which can by over-cleaning be made a better quality than the average No. 3 Northern, I have seen cases where Rejected 3 Northern could by heavy cleaning be made a better average milling quality than the No. 3 Northern grade.

Q. But here we have 47 heated grades, in this document, all disappearing but seven, column after column of them, and they all disappear but 7. Do you think you could work them in without some appreciable effect upon the straight grade of the cargo you are putting out?—A. I would be against it anyway, in mixing heated grain.

Q. Here are 11 smutty grades disappearing, and here is another lot of musty wheat disappearing. There is a combination all through this. You appreciate the importance of keeping up the quality of our export wheat?—A. Yes.

Q. All the pool officers are anxious to do that?—A. Yes.

Q. That is your statement; but do you not take a risk in practising the other thing, of putting these impure and blemished off-grades into the pure? Do you not take the risk of not accomplishing what you are after?—A. Not such a risk, in my opinion, if you pick what you are blending; if you blend any condemned or smutty wheat, you are doing harm.

Q. There are 132 grades that there is no little hole to work into, and they have to stand by themselves; there are 400 odd of the 550 that disappear and that is a lot. As an expert in grading, is there such a scientific blending or mixing that you can work those into a straight cargo without affecting that straight cargo?—A. Not all of them.

Q. Twelve or fifteen of them?—A. Yes, I would say you could put in 12 or 15.

Hon. Mr. MALCOLM: Would Mr. Motherwell mind asking the witness how many of those off-grades can be cleaned up? I think that is important.

Hon. Mr. MOTHERWELL: The rejected can largely be cleaned up.

*By Mr. Motherwell:*

Q. They cannot all be cleaned up?—A. I would have to go over the list at length and pick them out.

Hon. Mr. MALCOLM: I do not want to interrupt Mr. Motherwell's question, Mr. Chairman, but I think the witness is confirming what other witnesses have said, that while there are a great many off-grades, they are subject to treatment, which would make them just as good as if they were not off-grades.

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*By Hon. Mr. Malcolm:*

Q. Can you give us the percentage of those off-grades that could be cleaned up, Mr. Steele?—A. I am sorry I cannot.

*By Hon. Mr. Motherwell:*

Q. Can you clean rejected for rye to any appreciable effect?—A. At times you can.

Q. Do not all rejecteds for rye and Darnel ragweed go into one grade?—A. It depends on who is handling it.

Q. It is graded the same?—A. Yes, it is.

Q. And these are almost impossible things to clean up, in order to put them into the straight grades?—A. I would not say that; it is not impossible.

Q. It is not impossible, because they do put them into straight grades; but can they be so cleaned in order to make any man refuse them at the other end to make flour out of them?—A. Yes, I would say a great many, but I have not gone into the figures.

Q. The rejected and toughs and dampers can all be used considerably?—A. Yes.

Q. Would you recommend putting the dried back into these respective grades?—A. It depends upon how much damage has been proved to have been done to it in the drying. At present, I would only handle them under a system which will guarantee that the grain is not damaged by drying; at present I would not put them into the grade in which they are put, No. 2 or 3 Northern.

Q. I believe there has been considerable improvement in the drying?—A. Yes, I believe so.

Q. There would have to be still more before you put them in?—A. I would have to have some more assurance that no harm was being done.

Q. At the present time we have a situation in the wheat world where nobody seems to know very much of what is the difficulty. Assuming that we have too much wheat, which would be the better position to be in, to have a lot of high class wheat with none of these doubtful ingredients in it, on a market like this, or have a lot mixed down to the grade? Which would you dispose of best on this market?—A. There is no question about it that it would be the higher quality.

*By the Acting Chairman:*

Q. Have you any further recommendations to make?—A. No, sir.

Q. You referred, Mr. Steele, to the question of a recommendation regarding sections 158 and 159, with regard to the binning. What were your recommendations? I find in section 158 that special bin has been shipped and inspected; and then section 159 goes on to say that the sample shall be compared with the shipment.—A. The fifteen days was all that I had in mind.

Q. The shipment takes place and the owner is notified as to his grade?—A. Yes.

Q. He has an appeal within fifteen days from that grading?—A. Yes.

Q. Is the shipment retained for fifteen days in order to make that?—A. No, that has nothing to do with the government grading, Mr. Chairman.

Q. Is there any provision in the Act whereby that is kept so that it can be reinspected and graded again?—A. The carload itself is reinspected; but that only deals with the car, that when a country shipper brings his grain into the elevator, the sample is taken in the presence of the shipper and placed in a tin box which should be kept locked by the shipper. Every load is sampled like that. And the box is weighed. And every sample taken is supposed to be the same as in that box; but sometimes it is not; and when the shipper feels that something has happened to his shipment, and that it was not his grain. He then says, I want that sample box sent to the Chief Inspector to see whether or not the identity of my car has been preserved. He has fifteen days within



which to do that; but very often the shipper does not receive the notice in time.

*By Mr. Donnelly:*

Q. Supposing I have the sample box in there and I come into the elevator and say to the elevator man, "Will you ship that box out?" And he goes around to look for it and says "I cannot find it. It is gone." What happens then?—A. The elevator company then must settle with the farmer at the grade which the farmer shall designate. That regulation is posted up in every country elevator in western Canada.

Q. Supposing the box is sent down and it has been mixed up with others, and you cannot find out whether it is the box of the farmer or what it is what then happens? I have a case where we do not know what became of the box.—A. I believe it is up to the elevator company to prove. They must produce the box. The box is in their custody, and if they cannot produce the box they must settle with the farmer.

Q. Supposing this box is put in there and the box is sent on, it may be the right one or it may be another one. Supposing the elevator man substitutes another box, and when it comes in they cannot open it, and they have to break the lock.—A. Yes.

Q. Does it not afford an opportunity for the elevator company to substitute another box?—A. Yes.

Q. It is quite possible for the elevator man to put the farmer's name in it and send it on in the same way?—A. Oh yes.

*By the Acting Chairman:*

Q. Before closing that, the Act provides that the sample shall be sent to the Chief Inspector to be compared with the shipment?—A. Yes, that is with the official sample.

Q. How is it compared? Is it compared with the original total shipment?—A. It is compared with the Inspector's sample of the shipment. The wording is not very clear.

Q. Have you any recommendation regarding the fifteen days?—A. I know that fifteen days is not sufficient length of time for many shippers to get their box in.

Q. What is your recommendation?—A. Thirty days.

*By Mr. Donnelly:*

Q. Just one thing, in connection with the 75-25 proposed regulation for elevators. We were told by Mr. Murray when here, that they never turned down any cars at the present time, that they unload all cars they can; and he said that all elevators were doing the same thing. The diverting is done at Winnipeg, is it not?—A. Yes.

Q. Now, if the diverting is done at Winnipeg, and I belong to a line and I come in and see my samples at Winnipeg, and I say "We will send this into our own elevator," and send all the bottoms to the government terminals, I do not see how the regulations would prevent that being done, just the same.—A. I am perfectly confident that it can be dealt with by the Board of Grain Commissioners if they so wish; but I would not be prepared just now to say just how.

Q. I do not see how you can prevent the diverting by the terminals.—A. The original billing can be made of a car, and the car originally billed, say, to the U.G.G. terminal, is there.

Q. Our government elevator, then, is going to get none because it is only this wheat that is sent by line companies,—only five or six hundred cars sent direct to the government terminal?—A. If all terminals were on the same basis,

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there would be no terminal which would suffer except in a short year; but quite a few would suffer in a short year.

*By Mr. Ross:*

Q. All that you were suggesting in regard to those sample boxes was that the period should be thirty days, instead of fifteen, given for the holding of the sample, was it not?—A. Yes. It does not amount to anything excepting that it saves argument at times.

*By Mr. Millar:*

Q. Speaking of the number of off-grades, in the evidence taken in 1925, I read as follows: Dr. McGill speaking to Mr. Serls, then Chief Inspector:—

Q. How many grades have you in the west, Mr. Serls?

Mr. SERLS: Somewhere about a hundred.

That was in 1925. And then three years later we find them talking about sixteen or seventeen hundred grades. In your opinion has the changed conditions, climatic or otherwise, warranted that enormous increase in three years from one hundred to sixteen or seventeen hundred? Five hundred and fifty there are in this list which I have in my hands, and others talk about seventeen hundred.—

A. No, the grades have not been increased to that extent in the last three or four years, but I would take it from that extract, that Mr. Serls did not have in mind these mixtures and combinations, which he could consider as not being grades when asked that question. That list which Mr. Motherwell was reading from, Mr. Serls, I am quite sure, four years ago would not consider were grades at all.

Q. If that is the proper interpretation, where do you suppose he made the division? As straight grades, we only have six; and feeds, one and two feeds; and then the sub-divisions. I suppose it is pretty hard to say what sub-divisions he took?—A. Oh, yes, he could have taken the straight grades, and the damp and the toughs and the smutties. Take all the ordinary straight grades, and then the damp, mixed, heated, rejected, mixed, fire-burned, and rejected mixed and coal-oil.

Q. You think there would be many possible divisions besides those mentioned?—A. Oh, yes.

*By Mr. Donnelly:*

Q. One remedy which you have suggested had been already brought before us, as to the 75-25. The other remedy which we have thought of was doing away with mixing entirely. If there were no mixing at all except in the straight grades, would our standard outgoing be as good as 75-25 or better?—A. The standard would not be changed at all.

Q. I mean the averages going out?—A. In some of the cases it would be higher, and in other cases it would be lower. I doubt if it could be made uniform.

Q. Why can it not be made uniform? Why do you think it will not be uniform?—A. Well, there are so many—

Q. Is it uniform to-day, with the standard which we have?—A. No, it is not absolutely.

Q. Do you think it would be more uniform with the 75-25? It is admitted that our outgo is not uniform, but do you think it would be more uniform with that 75-25?—A. When you mention the 75-25, I also brought in a rigid enforcement.

Q. We are supposed to have a rigid enforcement of our standard to-day?—A. No, not entirely; because some terminals are to-day shipping grain which they could mix down lower than they do. The Pacific terminals to-day are shipping and not mixing down as low as they could to get to the average.

Q. Will that not be so with the 75-25?—A. No, I think not.

[Mr. Robert C. Steele.]

Q. If we had all our No. 1 Northern or No. 2 Northern, all our straight grades, do you not think that they would be above the 75-25?—A. In some cases they would; but the average of the crop would be about that.

Q. I cannot see yet where there would be a lack of uniformity, and I wanted to understand why there would be a lack of uniformity, if we had it all put in. If we get No. 1 Northern coming in from different districts, you would have some at the top and some at the bottom of the grades, and you might get different varieties or species of grain coming from different parts; but I cannot imagine enough coming in for a boat load at the top or for another boat load at the bottom.—A. I have seen enough coming in in one train load for a cargo, not all, but a good percentage of it prevailing 3 Northern; but uniformly below the average.

Q. Do you not think it would be such a shipment as would have been skinned?—A. No, I mean a train load of cars,—farmers' grain.

Q. I cannot imagine it coming from the farmers in that way.—A. When I say farmers' grain, I mean coming from the direction in which the farmers live.

Q. I cannot imagine a train load of wheat coming in from farmers, from any country point, all skinned into the grade.—A. I do not say that, but as a train load uniformly below the average.

Q. The other objection put up to the doing away with the mixing entirely was that there would be trouble getting away with the off-grades. Do you admit that we would be able to sell the off-grades, for a price, anyway?—A. Yes.

Q. And it does not amount to more than five per cent of the wheat?—A. Some years less than that.

Q. I mean, excluding damps and toughs, it would not in an ordinary year amount to much more than five per cent?—A. I think not, no.

Q. And those would be able to be sold at a price—it seems to me we could sell them at a price?—A. Yes, we could sell them at a price; but it costs money to handle them.

Q. Well, the suggestion was that these should be conditioned and put into five or six other grades, and sold as conditioned.—A. I was not meaning in that respect, but I meant that those would come in in small quantities and tie up space, which in a rush season or a big crop would be needed in order not to dam the flow of our grain. It might be more expensive.

Q. The question was that 1, 2 or 3, as thought necessary, be run as hospital elevators, and to keep our public terminals, in fact, all our terminals, all our other elevators, to handle grain as straight grades.—A. Well, the condition would be that one year those hospital elevators would have nothing to do, and another year the condition would be that they could not handle the work, their space would be so much tied up.

Q. I do not see that. If we allow our public terminals to take in our toughs and damps and to condition those in certain years, and then only to take in those rejected in the others; it would practically be about the same every year.

Hon. Mr. STEWART: Why would you send in grain simply to be cleaned to grade?

Mr. DONNELLY: You do not clean to grade.

The WITNESS: Who is going to decide? The inspector at the initial inspection point has to decide whether they are going to be cleaned to grade or not. Then supposing a car goes through. The probe sample is rejected for rye. That would be one of those which would go to the mixing terminal, and in that test the sample was found to contain only one per cent of rye, and it is made a straight grade. There is a little mixup there; where is that car going to go? If you leave it in the hospital elevator it is going to receive a hospital certificate.



*By Hon. Mr. Stewart:*

Q. Why would you send to a hospital elevator grain that simply requires cleaning?—A. Well, in this particular case that I mentioned, the sample contained a sufficiently small quantity so that it was able to go through in the straight grade. It is just that I feel that nothing should be done that would have a tendency to dam the flow of our grain in the big crop year, if it can be avoided, and the same results being secured by any other method.

*By Mr. Coote:*

Q. I want to go back to this question of the standard. I gathered from your statement that you suggest that the higher we make the standard the more uniformity we would have out of the terminal elevator at the head of the lakes, is that right?—A. I do not think I meant quite that, the higher we make the standard the greater uniformity there would be.

Q. In the outturn standard?—A. No, I thought I brought the whole thing together, the standard and the control of terminals, and one terminal license, and returns of grain going uniformly into all terminals, with provision for mixing but compulsion of a higher standard.

Q. Yes, we grant all these things, and then the uniformity that we are going to get is going to be dependent on the standard, is it not after all?—A. Yes, and the enforcement of that standard.

Q. Take it for granted that the enforcement is going to be quite rigid, would it not naturally follow, that the higher you maintain that standard the more uniformity we are going to get from the outturn from those terminals? For instance, you say that the adoption of the 75-25 standard would result in more uniformity than we have now?—A. Rigid enforcement would probably have more to do with it than the actual standard in that case.

Q. Have we not got rigid enforcement now?—A. Well, that sample I mentioned at Vancouver going out as 4 wheat was one case in point.

Q. There must be rigid enforcement when they appealed?—A. Yes, as far as the Inspection Department is concerned there was rigid enforcement, but the Appeal Board had authority to grant a higher grade.

Q. You are not suggesting that we should take that power away from the Appeal Board?—A. I could not suggest that very well.

Q. Your company does not allow any skimming by the mills, I believe?—A. Well, they did not when I was last in Winnipeg. I have not been there for some time.

Q. In 1925, I think it was, when we revised the Grain Act the last time, the Act as it passed the House of Commons contained a clause stating that the grain passing out of private terminals at the head of the lakes should be equal to the average of that grade at the initial inspection point. If a similar provision were put into the Act at this time, do you see any real objection to it; that is, instead of having a standard of 75-25, as it is called here, we should use for the standard the average of the grade at the initial inspection point?—A. For all terminals?

Q. Yes, for all terminals at the head of the lakes, the standard would be the average at Winnipeg?—A. Well, no more than it cannot be done.

Q. I am anxious to know why it cannot be done?—A. Well, just because it cannot. The grain does not go forward uniformly.

*By Hon. Mr. Motherwell:*

Q. It was done, I think, for many years?—A. Conditions have changed; diseases have increased, and the character of the grain is different now to what it was years ago.

Hon. Mr. MOTHERWELL: Get the farmers to improve their production, work from both ends.

[Mr. Robert C. Steele.]

*By Mr. Coote:*

Q. I wish you would give us some of your reasons. What reasons can you advance against the adoption of that standard? That is the standard I think the farmer is always anxious to see put into force the average of the grade that he is delivering. We would like to see the old country buyer, or the Canadian miller get that. What difficulty is there in it?—A. Well you cannot ship out a cargo from the head of the lakes uniformly up to the Winnipeg average with grain at different seasons of the year, and from different sections of the country coming through lacking uniformity within the grades.

Q. That is the reason you suggest, or that the pool has suggested why we should adopt that 75-25 standard?—A. Well, that permits of a certain leeway within the grade, and it does not work a hardship on any one individual who might happen to have grain coming from any one section where the average which he would receive would not be quite equal to some of the others.

Q. Who do you think then is going to get the benefit of the leeway which exists?—A. Well, there would not be much benefit in the leeway, because a terminal has to keep it up to that. There is not very much leeway when you consider that they might have a cargo just right on that line and lose there, and they would have to make it up somewhere else. I do not think there would be very much profit in it.

Q. We are not supposing that he is going to put in anything that is lower.—A. If he does he will lose on it.

Q. If we are going to have that rigid enforcement that you are talking about he would?—A. Yes; he would have to be sure that it is up to it or above.

Q. Well, then, have you ever seen smutty wheat in the standard samples?—A. No, I have never noticed it.

Q. And the grain out of private terminals must be equal at least to the standard sample?—A. Yes.

Q. Then, how can you put say, 1,890 bushels of smutty wheat into shipment of 125,000 bushels without it being noticed by the inspector?—A. I wonder if you would give me the figures again?

Q. It is given in Mr. Sproule's evidence. In one shipment that went out there were 1,890 bushels of smutty No. 2 went into a shipment, the shipment being 125,000 bushels?—A. 1,890 bushels?

Q. Yes.—A. And a shipment of 25,000 bushels?

Q. No, 125,000 bushels?—A. Well, it looks rather large, I will say. I would say this much, that very slightly smutted grain can be lost in a cargo, certainly without your being able to detect it.

Q. But if the inspector saw any smutty grain at all in that shipment would he be entitled to refuse to give it straight grade?—A. I would say he should. I do not think they would though if it was a lower grade of wheat, just bare detection, you mean?

Q. But I did not think any smutty wheat was put in in making up the standard sample?—A. No, I have never seen it.

Q. Well, that is the thing that has always been difficult for the producer to understand how it could be done. You mentioned that something should be done about No. 3 Northern?—A. I have not got that with me now. The changes that we, of the department feel, are necessary, if I remember rightly the first part of the definition was that 3 Northern be equal in value to Marquis and contain 25 percent of hard red vitreous kernels; the second part of the definition to be, any red wheat variety weighing heavier than the other, the Marquis, 3 Northern, and containing 35 per cent of red kernels. I believe that was it. It was something about there.

[Mr. Robert C. Steele.]

*By Mr. McMillan:*

Q. Do you not think it would be better to keep that smutty wheat out of the wheat; that is, clean the straight grades?—A. Of course it would be better, certainly badly smutted wheat.

*By Mr. Ross (Moose Jaw):*

Q. You were speaking of cargoes going out of Vancouver, one of which was appealed, and another loaded into cars and put back into elevators. Do you think, if the Board made a regulation that once a car was loaded it could not be unloaded and had to take the grade, that that would help to stop the evil of mixing?—A. I believe it would because of the fact that it is very expensive to unload.

Q. If they made a stipulation, that once a cargo was unloaded from the elevator—A. It shall receive the grade to which it belongs.

Q. Do you think that would be a good stipulation?—A. I would say it would, yes. You have a No. 3 Northern description.

*By Mr. Coote:*

Q. Is it because you find the No. 3 at the present time contains a large percentage of what we call starchy kernels?—A. There is too large a percentage of starchy kernels permitted in No. 3. There is nothing that I know of to exclude the 100 per cent starchy kernel.

Q. Do you find many farmers' cars containing 100 per cent starchy kernels?—A. Oh, yes. I would say that there are many cars coming through.

*By Hon. Mr. Motherwell:*

Q. If the deflection of high type cars of each grade were prohibited either to the mills—the United States millers, or to anybody else, would that not assist the out-turn cargoes coming by Winnipeg than they do now?—A. Yes.

Q. Is it practicable to stop those deflections? Why should the American millers have the opportunity of picking up good cargoes when the British millers have not?—A. It is boiled down to the question of how much they are willing to pay for it. If they are willing to pay sufficient to compensate for the lowering of the value of the cargoes; it is a question of dollars and cents.

*By Mr. Millar:*

Q. And to whom he pays?—A. Yes, certainly.

*By Hon. Mr. Motherwell:*

Q. There is a lot of deflection going on of the high types of each grade. I do not feel like prohibiting our millers getting it, but I do not see why the mills of a neighbouring country can get the edge on the British and European mills in that respect, as they do now. The American millers can pick it up here, and it makes it difficult for the out-turn cargoes to come up to the initial inspection when all this is taken off between Winnipeg and the head of the lakes.—A. I do think it would work any great hardship on the mills if they were compelled to take the average run of grain, providing they were sure of getting it.

Q. It is defective in our terminals; that is why they want to pick it off?—A. Yes.

Q. If it is defective to them, it is defective to the overseas millers too?—A. Yes.

*By Mr. Donnelly:*

Q. Where is most of our wheat diverted?—A. At Winnipeg—some at Moose Jaw.

Q. In carload lots from there?—A. Yes.

Q. And it is sent to the public terminals?—A. It is sent to the private terminals and special binned there. Mind you, that is not all of the grain the



American millers take, because they have been taking cargoes as well, to my knowledge.

Q. They take the odd trainload—— —A. No, I would not say that. I mean the mills divert grain at Winnipeg to a private elevator at the head of the lakes, and in addition to that they buy a cargo of grain out of the bins of the private elevators.

Q. Would it assist, do you think, if we made a regulation that all export wheat must be bin-run from our public terminals, and all our export must be the average run out of our terminals, so as to prevent any special binning?—A. There would be no special binning or selection of cars.

Q. All export wheat, whether to the United States or to any other country, must be as it comes out of the terminal, without any special binning at all—A. It would be easy to enforce, if you had the control of all elevators, you could say, no special binning.

Q. That would prevent a lot of diverting to the United States?—A. Yes, it would probably prevent all of it.

Q. We can see that; they might do as the mills at Moose Jaw do, take the carloads and ship them out in trainload lots?—A. I do not know that it would pay them to do that. It is rather expensive, the overland haul.

Q. The freight rate from Moose Jaw to Minneapolis would not be greater than to Fort William?—A. I have no idea about that.

Mr. DONNELLY: I think it is about the same.

The ACTING CHAIRMAN: Will the witness be discharged? Are you through with Mr. Steele?

Mr. MILLAR: I think not, Mr. Chairman.

Mr. DONNELLY: I think we had better have him here this afternoon for a while, Mr. Chairman.

The ACTING CHAIRMAN: Is it the wish of the Committee to meet at 4 o'clock this afternoon?

Hon. MEMBERS: Carried.

The witness retired.

The Committee adjourned until 4 o'clock p.m.

## AFTERNOON SESSION

The Committee resumed at 4 o'clock p.m., Mr. Brown in the chair.

The CHAIRMAN: I had not the pleasure of being with you this morning except for a few minutes. I understand you were not finished with Mr. Steele, and had him still with you. Mr. Steele is prepared to give further evidence, or to answer any further questions which you may have to ask him.

ROBERT C. STEELE recalled.

The WITNESS: Mr. Chairman, and gentlemen of the Committee: I would like to mention something which I forgot this morning. Coming away from Vancouver from the Commission in rather a hurry, I was not able to bring any exhibits or any evidence or the like of that, that they had been collecting; but Chief Justice Brown asked me to assure the Committee that if there was any evidence which they had secured or if there were any exhibits which had been filed, which would be of any benefit whatever to this Committee in its work, he was anxious that they be called upon for those exhibits or that evidence. Apart from that I do not think there is anything else, any more than that I had intended mentioning this morning also that I saw Mr. Fraser's suggestions for the collection of samples for the standards and the making of a

[Mr. Robert C. Steele.]

provisional standard for grain in the early part of the fall, so as to get an earlier standard. I would just like to say that from all I know of the collection of samples and experience with the grain in the West, his idea is a very good one—a provisional standard to be used until all such samples as can be collected are secured to make the permanent official standard. And I would go further than Mr. Fraser in this, that I would feel like making extensive use of laboratories for milling and baking tests; say three western laboratories and one big baking concern, just to make sure of the material before definitely setting the official standards for the following year. I do not think there is anything else.

*By Hon. Mr. Malcolm:*

Q. May I ask a few questions to make clear in my own mind your view as to the benefit to be derived from the adoption of the 75-25 outturn standard at the terminals? I took from what you said this morning that this standard decided by the officers of the Pool and agreed to by yourself is about as close a standard as we can be sure of maintaining.—A. That is correct, in my opinion.

Q. And you think that setting a standard on the average of the grades passing Winnipeg is rather a physical impossibility?—A. I feel it is an absolute impossibility.

Q. I want to ask you one or two questions relative thereto, as to the benefits to be derived from the 75-25 outturn standard. Do you believe that the terminals can at all times maintain that standard on the present grades set, without having the strength of the standard or the height of the standard. may I say, reflect itself back to the country adversely?—A. Yes, I think that it can. In other words, Mr. Malcolm, you mean can this standard be rigidly enforced without detrimental effect being reflected back to the grower in the country?

Q. Yes, by inspection at the country elevators.—A. Yes, I think so.

Q. The point I am anxious to make, Mr. Steele, is that by setting too high an outturn standard, which would be difficult to live up to, there might be a tightening up in the country elevators which therefore might have an adverse affect on the producer.—A. Yes, I understand.

Q. By setting too low a standard of outturn, the producer does not get the full benefit of the sale of his grain?—A. No.

Q. We are anxious as a committee to do what you suggest should be done, to maintain as far as possible a complete uniformity of flow in our cargoes all season, and that is desirable. It has been pointed out to me that there should be some tolerance, some permission given to the Board to vary that standard. If in any year it were possible to make it higher, it should be made higher, and if in a particular year it would be difficult to maintain it, it should be lowered slightly. Do you think you are sufficiently acquainted with the grades to know that that standard should be incorporated into legislation?—A. I have not examined standards made up in that way for any other than last season's crop, and naturally I could not speak for other seasons.

Q. Do you not know how it would have worked out for the last season?—A. I believe it would have worked better for last season's crop than in this, as far as the ease of maintenance is concerned.

Q. Now, in your opinion, Mr. Steele, how would the average of the outturn of a grade appear under the 75-25, we will say in this season's crop, with the average outturn that has gone forward under the present method of inspection—would it be an improvement?—A. Under the present, as it has gone forward?

Q. Yes, how would it compare?—A. Yes, it is an improvement.

Q. It would be a better standard of the grade than what has gone forward?—A. Yes.

Q. So that while Mr. Symes had what he told us was a guide, simply of sixty—thirty-five—five, it was not maintained?—A. No.

[Mr. Robert C. Steele.]



Q. And in a case of an appeal, they had to use the Winnipeg sample, and the average outturn of the Public elevators as well and use the whole three?—A. Yes. Actually the sixty—thirty-five—five standard is not official and is not consider in any way.

Q. Then you think that the 75-25 outturn standard would be a slightly higher standard of each grade going out of the terminals than they have now?—A. Yes.

Q. Which would reflect itself probably in a slightly higher price for the grade?—A. Yes it should, provided that is the standard which was sent overseas. It would not do to send over two standards.

Q. On the question of mixing, I would like to clear my mind on a point raised this morning. We have been told by Mr. McIvor that there were about a million bushels out of the total handled that they were not able to mix, and that were sold on sample, the balance of their off-grades being blended into the standard grades. Have you any idea of how much of the blending was done to grains which were cleaned, and to which there would be no objection even if a no-mixing regulation were put in the statutes?—A. No, not from my personal knowledge; but from discussion of this sort of thing, there was a considerable percentage which was not cleaned. I know that.

Q. Would there be half not cleaned, or would it be more than half, Mr. Steele?—A. Oh, I think there would be half.

Q. And probably half cleaned?—A. Probably more than half not cleaned.

Q. So that you have no knowledge of how much off-grade grain,—I think you have answered that in the negative this morning,—was mixed with the straight grade grain in last year's crop?—A. No, I could not tell you the percentage.

Q. I wonder if any one of your organization would have those figures,—would your statisticians have them, do you know?—A. Not yet, they would not have them. That would be after the end of the fiscal year.

Q. So that what the Committee has to consider is whether with the prohibition of mixing, if it were allowed to clean grain and put it into the grade, it would be permissible to mix within the grade, but it would not be permissible to put this fifty per cent or whatever the percentage is of the off-grades which were not treated, into the grades. These would be sold on sample along with the million bushels which Mr. McIvor referred to?—A. Yes.

Q. Supposing the Committee were in favour of the statutory prohibition of mixing, how much do you think would be lost by selling the fifty per cent which is now mixed, with the sample grain along with the million bushels which have been sold?—A. Oh, I would have nothing on which to base an opinion, because at present the price of those grains is based on their mixing value.

Q. They have certain values for mixing which they would not have for other uses?—A. Yes.

Q. A higher value, would you say, for mixing?—A. Yes.

Q. So that part of the grain which is mixed gives a larger return to the producer in your organization than if it were sold by sample?—A. Yes, especially a tough or slightly tough grain. A year like the last, there is no appreciable damage done to the standard by mixing out last season's tough wheat.

Q. I think it is generally conceded that there has not been much mixing done this last year?—A. That tough was mixed.

Q. Without any loss to the grade?—A. Yes. I could not say that every bushel was mixed.

Q. Your position is not that of operating a country or terminal elevator?—A. No.

Q. So that you could not give us any evidence as to the physical difficulties in handling grain if mixing were prohibited?—A. No, only from discussions.

[Mr. Robert C. Steele.]



Q. But you also left the impression with the Committee that in your opinion setting a standard as high as 75/25 would to all intents and purposes eliminate mixing?—A. A rigid enforcement and supervision of all terminals and knowledge of what went on in those terminals, as there would be if there was a proper supervision and return made, I would say to all intents and purposes it would not lower the average of the cargo to any appreciable extent, below what the average would run through the inspection point.

Q. And mixing would be so unprofitable as to make it undesirable?—A. Yes, as far as I am concerned, it would make it unprofitable entirely.

Q. You mentioned something this morning about the difficulties of adopting a no mixing policy, that probably cargoes would not come through as uniformly as one would desire in order to get uniformity of outturn. Could you give us any information as to how this would be brought about?—A. That is if there was a statutory abolition of mixing?

Q. Yes, I think you said that you thought under a statutory abolition of mixing we could not get the same uniformity of flow out of the public elevators?—A. There are certain terminal elevators with country connections which draw their grain from a section of the west which has very hard, red wheat and high up the grade,—more high up the grade than low. There are other terminals drawing their grain from other sections of the western provinces where the grain is not as high in the same grade. Train loads of grain come down and taking the average of the grades in that train load they will be considerably below the average of the Winnipeg Inspections; and those train loads are unloaded at one particular terminal, while the others are unloaded at another particular terminal; and one terminal is above the average inspection, while the other is below.

Q. So that you are of the opinion, which some of us had already come to, that in order to have uniformity of value you should have a set outturn standard?—A. Yes.

Q. One other point on which we would like your opinion. There has always been a feeling that the inspection should be final at the head of the Lakes, and there has been no re-inspection at the seaboard. Have you had any experience in inspections at the seaboard at all?—A. No, no experience at all.

Q. You do not feel that you can give any evidence on the desirability for re-inspection?—A. No.

Q. I wanted to ask you, if you were in a position, to give us advice as to whether in your opinion inspection at the seaboard would be advisable?—A. No, the only experience I have had is that I have inspected samples which have been returned from overseas with the samples from the cargoes when loaded. I would say that some of those cargoes did not look as if they had gone overseas as shipped.

Q. You would be inclined, then, to consider that there were opportunities in transit between the head of the Lakes and the seaboard for grain to be lowered in standard?—A. I would say that there are opportunities, yes. Both through our own ports and through the American ports; as far as I am concerned, it would appear as if there might be opportunities.

Q. I am told that sometimes the cargo has its certificate lost, and another certificate substituted of the same grade, and it might be advisable to have an outturn inspection at Montreal as well as at Fort William.—A. I have felt, and a great many working with me have felt the same, that it should be.

Q. My reason for bringing up the point is, that if the Committee, after a very lengthy hearing and mature consideration, agree with this suggestion, that the desirable thing is uniformity of flow, and if the Inspection Department produce that uniformity of flow by a rigid application of the 75/25 standard at the head of the Lake, that is not going to be good enough, unless we are sure that that uniformity of flow is maintained at the seaboard?—A. Yes.

[Mr. Robert C. Steele.]

Q. We must not leave an open gap past the point at which our good work is done?—A. No. I could not see any harm which could be done, but a good many benefits that might be derived from a seaboard re-inspection.

I wonder if I might mention to Mr. Malcolm one other thing which I had in mind, about reflecting the harm back, detrimentally back to the country on that? That would be the Government Inspector's tightening up on the grade?

Q. I had in my mind more a case where a privately operated line elevator company was finding it difficult to live up to the 75/25 standard with the grain that was coming through. There is competition, of course, between buyers at country points, there is also the tendency for buyers to give a man a good grade, and probably that competition is the best and healthiest thing which the producer enjoys. Now, if the 75/25 outturn standard were so severe that the terminal found it difficult, from the run of cars which it was getting to live up to the standard, the operator would naturally send word back to the country that they were being a bit generous in their grading, and the buyer might tighten up on his grading in the country. I understand that the grading is finally done in Winnipeg, but after all there is a leeway between the minimum and the maximum of the grade?—A. Yes.

Q. And if it were found difficult to get the outturn standard of 75/25, the Inspection Department at Winnipeg would also be faced with the charge that it was too generous.—A. Yes, but, Mr. Malcolm, anybody in inspecting cars, as the Appeal Board, over and above the Inspection Department; you could hardly conceive of the Western Appeal Board being influenced by anything that anyone would say regarding it, when they know that a certain leeway was allowed to take care of that. We have had cargoes billed this year where the terminal operators swore that there was not a bushel of anything else but the grain that they put it out at in the grade forwarded in that car, and I could take my oath that there was.

Q. But with the outturn standard, we can easily suit the British buyer; we can make the standard to suit him, but in making the outturn standard to suit the British buyer we must not cause a lowering on the producer grade.—

A. Well, I just had the two points on that. There is the Inspection Department and the country elevator agents, and no farmer in Western Canada requires to take the grade of a country elevator agent if he does not want to, because there is provision made that he can take the Chief Inspector's grade. That would be his protection, and if such a thing were happening it would only be necessary for those interested—the farmers' organizations or the Board of Grain Commissioners—to carry on the proper education.

Q. That is quite true. Mr. Steele, but I think you quite recognize that 50 per cent of the wheat is street wheat?—A. Well, I cannot give you the percentage of that, Mr. Malcolm.

Q. I am told that over half of it is street wheat.—A. That is quite a big percentage compared to what it was a few years ago.

Q. If we take, say, 400 million bushels, and we consider half of it is street wheat, and that half of the street wheat is bought without Winnipeg reinspection, making 100 million bushels or a quarter of the crop. There could be a tightening up without the producer getting the benefit?—A. Yes, but it would soon right itself, I think.

*By Mr. Vallance:*

Q. Would you say that 50 per cent of the wheat was street wheat?—A. I cannot give the particulars, no, but I know that the percentage is decreasing; the percentage the last three years had been decreasing. I would not care to give the percentage.

Q. You would not say it was 50 per cent?—A. I would not say it was 50 per cent, no, not now.

[Mr. Robert C. Steele.]



*By Hon. Mr. Malcolm:*

Q. Whatever it was, it was a large quantity?—A. Yes.

Q. However, the point I wanted to make sure of in your evidence is that the 75-25 standard can be lived up to, and is as close to the average of the grade that it would be safe for you to operate your terminal elevator on?—A. I would say so, yes.

Q. What condition, or what change of conditions would make it more difficult to live up to that standard in one year than in another?—A. What change in conditions?

Q. You said it might be easier one year than another. What are the conditions, or what change of conditions would make it more difficult to live up to that standard one year more than another?—A. Well, in one year there would be a preponderance of frost damage than, say, in another year where there would probably be rust and heat damage. The rust and heat damaged grain, providing it is sound in other respects is all that is necessary to bring it up to wheat, while in the frost it is the green and the frost which might not mix in making a standard for the minimum and the maximum; it might not be quite as easy.

Q. You would not emphasize the point?—A. No.

*By Mr. Ross (Moose Jaw):*

Q. In speaking of street wheat, when these people say 50 per cent are they not differentiating between special binned wheat and other wheat?—A. I take it they mean loads sold individually and also loads sold subject to inspectors' grade—

Q. That is all wheat outside of special binned wheat?—A. All wheat outside of special binned wheat.

Q. That is not what is generally accepted as street wheat in the west. What is generally accepted as street wheat in the west is the man coming in with less than carload lots?—A. Yes.

Q. When a person says that 50 per cent of the wheat is street wheat they do not mean that 50 per cent of the wheat is sold in less than carload lots?—A. No. Street wheat in the trade means all the wheat outside of special bins.

*By Mr. Millar:*

Q. Following out that same point, is not a lot of that street wheat made up in this way: I, as a farmer, perhaps have 25 hundred bushels of wheat, and I draw out 900 bushels and I know that the elevator man will pay me the track price for that wheat? I need the money and I sell the 900 bushels; that is classed as street wheat?—A. Yes.

Q. Although I have plenty to fill a car if I want to?—A. Yes.

Q. Just to follow up another point, in your replies to the Minister you stated that those off-grade wheats were worth more because of the mixing privilege. Are you sure that the profits in those off grades are reflected back to the farmer?—A. Oh, I did not make any statement as to where the profits went, Mr. Millar; not all the profits I would say.

Q. It does not seem so when you consider that feed wheat was selling at Indian Head for \$18 a ton, and another elevator just a short distance up was selling bran at \$32 a ton at the very same time. You can go up to 6 wheat, 5 wheat and 4 wheat and find about the same difference. Those prices would not seem to indicate that the farmers were getting any fancy price for those off grades. I would like to ask a question about tough wheat. You mentioned tough wheat as one example where the farmer was getting more because of the tough wheat. Does that not work out this way: a number of carload lots of tough wheat containing a large amount of water, perhaps, 15, 16 or 17 per cent, are dumped into the dry wheat. In that way, some tons of moisture may be

(Mr. Robert C. Steele.)



put into a cargo, and the farmer has lost as much as eight cents a bushel on that tough wheat. He has had his one loss. Now, if that ton or two of water is sent over in the cargo to the old country buyer will the old country buyer not reason that he is buying water, and be unwilling to pay the wheat price for water, because water is cheap over there, and he will certainly lower his price?—A. I had in mind, Mr. Millar, more this last season's crop, you see, because the grain has been uniformly dry, and the tough wheat has been, well, not very tough. There has been such a small percentage of it that it could go into a cargo without anybody being able to know whether it had a couple of pounds more water in it, or a ton more water in it.

Q. Throwing in a few tons of water—I do not think there is any use in denying the fact that it was done—would it not be reflected in the price the old country buyer would offer for that wheat?—A. The old country buyer, I understand, takes into consideration the moisture in the wheat.

Q. And if he pays a lower price the farmer back in the country receives a lower price because of that excess moisture?—A. Well, I would not say that happened this last year; it is only years like the last that I had in mind, where I did not consider it would be detrimental.

Q. Where it occurs though, where there is excess moisture put in, and the whole is brought up near to 14 per cent, it would be reflected back to the farmer?—A. I would say that was axiomatic.

Q. And it is a case of the farmer losing eight cents in the first place, and then losing because of the low price overseas, and in the end absorbing his own water. I would like to ask a question on this, Mr. Steele. I know from the gradings that I saw that you do that. You are an expert grader, in fact, you are something of a wizard. Would it be possible for an inspector, in case six new grades were established, to take care of the off grades after they were treated,—1, 2, 3, 4, 5, and 6; would it be possible for an inspector, when he has an off grade car coming down, to determine or designate into which of those grades it should go after treating?—A. I think possibly it might. I would rather Mr. Fraser answered that sort of question.

Q. Well, I have asked Mr. Fraser, and he has given the matter some thought. I know it is a new idea. Do you believe that those off grade cars, taking all the off grade cars aside from those that could be treated and put into straight grades, taking all the others after they are treated; could they be classified, and classified reasonably well in those six grades?—A. Oh, I would say they could; just off-hand I would. Remember, I have not experimented very much with it.

Q. There might be a few; for the most part, they could be put into the six grades?—A. Yes.

*By Mr. Lucas:*

Q. Mr. Steele, coming back to that outturn standard of 75-25. That standard, of course, would be set at the beginning of the season, would it not?—A. Approximately at the same time as the other standards were definitely set.

Q. Well, your opinion on it is this: that standard having been set at the beginning of the season, would there be any possibility through, we will say, climatic conditions when the crop was underway of deteriorating the latter end of the crop to a point where it would then not be able to live up to that standard that had already been set?—A. I would say they should make sure that it is not set so early as all that, to be reasonably sure the grain is going to be harvested and got off in similar condition.

*By Mr. Vallance:*

Q. Would it only lower the grade?—A. Not in all cases, I believe.

[Mr. Robert T. Steele.]

*By Mr. Donnelly:*

Q. Mr. Steele, you said a while ago with regard to our seaboard elevators that you thought it would be a good idea if we had inspectors there. Do you think it would be a good idea to have inspectors at our transfer houses as well? Do you think that is necessary?—A. I feel that a check is always a good thing. I know in our own department we always like to be checked up by each other. We like the Fort William office to check us up in Winnipeg, and also the Moose Jaw office, and we like to check them. A little more of that is all right and is healthy for the business.

Q. A little more supervision is desirable?—A. Yes. That is the way we carry things out in our own department.

Q. We felt last year during some investigations made by the agricultural committee that there should be some more strict supervision of our transfer houses as well as our seaboard houses, and you are simply confirming that?—A. Yes.

Q. With the 75-25 you refer to, under our present regulations I think Mr. Fraser and Mr. Hetherington said that it would be impossible for our public terminals to carry on at the head of the lakes with our present regulations. What do you think about that?—A. I agree with that.

Q. You do not think they could carry on?—A. Not as things have been carried on for the last few years.

Q. And you would have to have other regulations for our elevators at the head of the lakes with our 75-25, and that is why you propose further regulations with regard to our elevators?—A. Yes. You would have to make them all under one terminal license or some special provision which would be in the nature of a bonus to our elevators?

Q. Otherwise they could not carry on?—A. That is my opinion.

Q. You said you had seen carloads of wheat coming in from the north and the south, and you said that from the southern part there would be a lot of hard red spring wheat which would be above the average?—A. I do not think I said the southern part.

Q. We will take that for granted; call it "certain districts". It would all be going into one elevator and they would be getting above the average?—A. Yes.

Q. Will not the same thing exist in other sections of the country? Will they not be getting wheat which will be below the average, and if they do, how will they turn out the 75-25?—A. Well, they are below the average, and if the rest is above there is a certain leeway there; there is sufficient so that they could afford to do that.

Q. Do you mean to say that you think the elevator gets a lower grade outturn at 75-25?—A. I think so. It is not so extreme as to be a grade or a half a grade out; it is just that it is noticeable.

Q. A fellow could not mix much poor stuff in it?—A. He could not. He might in one car, but not in the next, because as it happens now there is a great deal of good, hard, red spring coming from certain districts which did not come from those districts two years ago.

Q. There are companies which have lines of elevators in certain districts from which the starchy kernels come, and they get all their wheat from those districts, and I can understand that it may not be as good grade of wheat for milling or baking.—A. Yes, but those conditions are changing.

Q. When the conditions change so that there will be no mixing, our standard outturn would be about the average?—A. Give it time, and it might.

Q. I cannot see if we take all our No. 1 and put it into one bin, why you would not get the same 75-25 as you would under the 75-25 rule, because they must take that in and ship it out as No. 1, and so how they will mix anything with it?—A. All I can say is that I feel there is sufficient leeway to cover that.

[Mr. Robert C. Steele.]

Q. That would be pretty near the average?—A. That is close enough, so that they could not get away with very much yet sufficiently away when these trainloads or runs of grain come in they can take care of it without a loss.

Q. In other words, if we prohibited mixing and had the 75-25 there would not be much difference in the outturn?—A. To prohibit mixing?

Q. Yes.—A. And make a standard 75-25?

Q. Yes. The idea of making a 75-25 as much as anything else, to my way of thinking, is to prevent segregation of the high wheats. You can see a company who has two terminal elevators, where they will put all the high samples they get from the high grades into one bin, and the minimum into another, and they would send out the maximum in one carload or sell it at a premium, unless you sell the standard as well?—A. Yes.

Q. That was the idea of prohibiting the mixing and of putting in the standard?—A. Yes.

Q. Consider, for example, our government elevator at Fort William. Supposing they got a lot of this wheat all below the average, and they took that in as No. 3 and did no mixing whatever. Could we refuse those people the privilege of turning it out again as No. 3?—A. As things stand at the present time?

Q. You could not do it at all at the present time?—A. Certainly not.

Q. Will you do it afterwards? It is putting a hard penalty on these people if you take it in as No. 3 in the public elevators.—A. You are getting into something about which I do not care to say very much, because I do not believe it is necessary to do all those things. If you have the 75-25 and put the terminals under the same license, these uniform flows of uniformly high quality grain within the grade would minimize your difficulties to that extent.

Q. We had it brought before the committee concerning the advisability of having two standards of wheat, one for the Atlantic and one for the Pacific. What do you think of that? Probably also in years to come if wheat is being shipped out of Hudson's Bay, we will have to have a standard for that as well. Would that be better than having one standard for the whole Dominion?—A. I am in favour of one standard if properly set and properly lived up to.

Q. You do not think it is necessary to set a standard for the Pacific coast and one for the Great Lakes?—A. Just at the present time grain going from the Pacific coast is somewhat different from what is coming east, and if you divide it and make a standard for the Pacific as well as for the east, you will have to divide the southern part of our provinces from the northern, and you will have to move the dividing line from the west all the time, because as the land produces bigger crops the characteristics change, and you will have to move accordingly.

Q. Is there not a greater difference in the wheat between the northern and southern parts of the provinces than between the eastern and the western parts?—A. Yes; that applies more particularly to Alberta and Manitoba.

Q. If we were to divide it we would have to divide it and provide a grade for the north and one for the south?—A. If I were to divide it, that is the way I would do it.

*By Mr. Coote:*

Q. What use would the standard be, if you set a standard for the north and one for the south?—A. I cannot say that would be of any use.

*By Mr. Donnelly:*

Q. If a man had a carload of wheat coming from the north he would have that standard to grade it by, and if it were coming from the south he would have the southern standard, and it would be the same as it is now if we had the two standards, one for the Atlantic and one for the Pacific. It might be of much use.—A. Yes, it might, but I don't think I said that.

[Mr. Robert C. Steele.]



*By Mr. Coote:*

Q. I think you used the expression "properly constituted standard". Will you tell the committee just what that would be?—A. I feel that a standard made up of truly representative standards from all over the west is a properly constituted standard.

Q. Then have you seen in some years a difference between the appearance of the wheat going out of Vancouver and that going out of Fort William in the same grade—A. Yes.

Q. It has been so marked in several years that the inspector has made up samples out of the wheat from the areas which shipped to Vancouver and given them to the inspectors at Calgary and Winnipeg to use in inspecting commercial grades of wheat. Do you know that to be a fact?—A. Yes, as a guide.

Q. Would that not certainly indicate that the difference in the types of these two wheats was very marked?—A. That would indicate the difference in those two wheats was marked at that time, yes.

Q. Suppose we were considering the setting of a different standard for Pacific shipments from that which is used in shipments to the head of the lakes; would it not be the natural thing to select that standard or to constitute that standard from wheat coming from the areas which shipped to the Pacific coast?—A. The way I look at it is this: As I said before, if you are going to have two, you might just as well have four; the differences are there, but you are sending out two standards for the man to buy to, and furthermore you are going to have to change the dividing line where those standards are to be secured in the years to come, because Alberta—taking it as being where the western standard comes from—will grow a similar wheat to Manitoba and Saskatchewan in the course of not too many years.

Q. I do not think it is right to suggest that this will be an Alberta standard at all. You admit that the wheat going out of the Pacific ports is of a different type from that going out of the Atlantic?—A. It has been.

Q. And very often the official standard sample looks so little like the wheat going out of Vancouver and through Calgary and Edmonton that the inspector makes up another sample for the use of his inspectors in those offices.—A. Yes, I have seen them make up standards in our office of three or four different guide samples, but not when those were altogether——

Q. We are not suggesting making more standards than there are different outlets. We considered one at the head of the lakes and the other for Vancouver, and you can put Vancouver and Prince Rupert together for this purpose. I presume that one purpose of the standard sample is that it may be sent to foreign buyers to give them an indication of what those grades are like.—A. Very likely.

Q. In regard to the crop of 1927 we sent samples of our standard 4 and 5 to buyers, we will say, in China and Japan. Would they not have good ground to say when they received the shipments later on that the standard samples did not look a bit like the wheat they received? Would they not have good grounds for complaint on that score?—A. He would have good grounds for complaining on that score.

Q. I beg your pardon?—A. He would have good grounds for complaining on that score.

Q. Did they have grounds for making this statement to any one?—A. I have seen the time when they could.

Q. Would it not be better to make a sample which would conform, out of the wheat coming from certain areas, I do not care whether it is from Saskatchewan, Alberta, or where it is, but going out of Vancouver, to make the standard

up to that quality?—A. I am just naturally against it. I see confusion in it somewhere. I have not given it sufficient study, and I really should not say anything about it.

Q. But you are an inspector, and if we furnish you with a standard sample of the wheat, and that standard sample weighs six pounds less to the bushel than the wheat you are called upon to inspect out of a certain car, do you think we would be giving you a proper standard?—A. I think the government inspector should be in a position to determine the relative value of any grade in comparison with the sample.

Q. No matter whether it looks like it or not?—A. It is not the physical resemblance, that is, whether one is thin and the other is plump; it is the weight per bushel, as against the thin and shrunken rusted kernel.

Q. Why do you say that?—A. It is easy, when you have a similar sample of wheat.

*By Mr. Ross (Moose Jaw):*

Q. Speaking of the moisture content of wheat going to the Old Country, is 14.4 per cent the proper point to have in our grain going to the Old Country?—A. I should say it is for spring wheat. I think it should be 15 per cent.

Q. Do you think the ordinary buyer on the other side buys on the basis of 14.4 per cent water, or on the basis of what is coming forward to him?—A. On the basis of what he gets.

Q. In speaking to Dr. Donnelly in regard to the supervision of transfer houses and terminal elevators at outgoing ports, such as Montreal, would you say that we would be better served in this country if we prohibited the mixing of all Western grain in seaboard elevators and in transfer houses on the Lakes?—A. I would say that, emphatically.

Q. Prohibition absolutely at any of the transfer houses or the seaboard elevators?—A. That is my opinion. I was always under the impression that it was illegal anyhow.

Q. I realize that. You said a few moments ago that some cargoes you got samples of did not look like what went out from Fort William?—A. Yes.

Q. There is a strong suspicion in your mind as well as that of others that something happened to that wheat on the way. You say that we should absolutely prohibit the mixing of our western spring wheats in all transfer houses and terminal elevators to the seaboard?—A. Yes.

Q. Now, in regard to the question of the reflection of grade back to the farmer in the country, under the 75-25 standard your 75 is 75 per cent of the average passing Winnipeg or primary inspection points?—A. The primary inspection points.

Q. And 25 per cent of the minimum?—A. Yes, of the standard.

Q. Of the grade passing that primary inspection point?—A. Yes.

Q. Regardless of what kind of wheat came down from the different districts, it would all help to set that average in Winnipeg and the 75 per cent of the average would be taken?—A. Yes, but to a certain date.

Q. Then it would not be very hard for the different country points to put in wheat which would come up to  $37\frac{1}{2}$  per cent of the grade, which would be your standard?—A. Yes, that is about it.

Q. That would be the average of the 75-25?—A. Yes.

Q. There should be no reason for the tightening up of grades in the country points; should there be any reflection back at all?—A. I do not see why there should. I do not see any necessity for it. I do not see why it should be permitted. I think it can be prevented without any difficulty whatever.

Q. You do not see any difficulty in presenting it?—A. No, I do not.

*By Mr. Millar:*

Q. You are in favour of having more inspectors looking after the elevators farther east; would you go so far as to say that the magnitude of our wheat trade was sufficient to warrant us in keeping an agent overseas to look after our wheat?—A. I could not say much upon that point, Mr. Millar. It is hardly a thing that I can speak of.

*By Mr. Donnelly:*

Q. In the diverting of wheat at Winnipeg, is there anything you can suggest, or any suggestions you can make to prevent this diverting at Winnipeg, this inspection of samples and picking out the tops of the grades? Can you think of anything to prevent that?—A. Well, if cars were prohibited from being diverted when billed through, I do not see why that would not help. The diversion of cars at present at Winnipeg is just by mutual arrangement with the railway companies by the company handling the grain.

Q. We would have to pass legislation then, preventing that?—A. There would have to be something. If you wanted to prevent that, you would have to do something.

Q. You would suggest doing that, would you?—A. I do not know whether I should answer that question, Mr. Donnelly, because it depends upon the premium secured and that sort of thing. It depends upon the premiums secured besides the economic condition.

*By Hon. Mr. Malcolm:*

Q. Do you think the 75-25 standard would be so high enough, that you could not divert, and still maintain it?—A. That is what I was trying to explain, that the economic condition would be such that there could not be an awful lot.

*By Mr. Donnelly:*

Q. With the 75, you think you would kill some of the evil of mixing?—A. I think so.

Q. We could not kill it all?—A. Not all. I do not think you could kill it entirely.

Q. Of course the ultimate aim is to kill the viper entirely?—A. What I suggested this morning was, to put you in a position to know exactly by proper supervision what is going on at all the terminals. You should know at the end of the year just what everybody has been doing in the handling of our grain.

Q. And you would suggest that the members of the Committee, if they saw fit, could suggest other changes?—A. Yes, you would have that information at hand.

Q. To prevent it, or to make the evils of mixing less and less?—A. To correct any evils that might exist under that system.

Q. The ultimate aim is to eliminate it entirely?—A. The ultimate aim is, to raise the final standard of our grain going overseas to the highest possible point.

Q. Or to get it the same as it comes from the farmer?—A. That would be the ultimate point. That would be the highest point. You could not get it raised any farther.

*By Mr. Coote:*

Q. Have you made a practice of inspecting any cars out of Montreal for your own organization?—A. No, we have only received the cargoes shipped from Montreal under the unload sample.

Q. Do you think it would be a good idea if we secured a sample of every cargo that went out of Montreal and had it preserved and sent to the Western Inspection Division, and kept there at least until the end of the season, so that in case there was any complaint the inspector would be in a position to know

[Mr. Robert C. Steele.]



just whether there was any justification for it or not. He would know just how well the grade was being lived up to at Montreal.—A. They are preserving these samples.

Q. Of every shipment?—A. As far as I know, they are preserving them on all of our shipments.

Q. Have you examined those?—A. No, they are preserved under Mr. Fraser's jurisdiction at the port of Montreal. I have not seen any of those samples.

Q. Are they open to your inspection?—A. As far as I know, they are.

Hon. Mr. MALCOLM: I think Mr. Fraser's evidence was that they were preserved in case of complaint.

*By Mr. Coote:*

Q. My idea is that samples should be taken out of every cargo at Montreal and sent to the Chief Inspector's office; they should be inspected by him, and he should know whether the grades going out of the terminals, compare with the grades at Winnipeg?—A. Yes.

Q. I think they should be open to inspection by the public, certainly by any person shipping grain, or is engaged in the business of shipping grain or producing grain?—A. There would be no question about that. I have never heard of any difficulty in the way of the producers' representative seeing cargo samples at any time. I have never heard of any difficulty put in their way.

Q. You told us you had seen samples which were not up to standard; would not the inspector have to see these samples from the cargoes?—A. Yes, if your suggestion was put in, but it is not necessary that the Chief Inspector should see all these Montreal samples.

Q. As far as you know, he would only examine them if there was any complaint?—A. Yes.

*By Mr. Ross (Moose Jaw):*

Q. As to the diversion of cars, you have supplied that information so far as the pools are concerned there is no diversion?—A. The pools gave instructions last fall that there should be no further diversion of cars.

Q. Was there any large diversion except by the mills?—A. Do you mean, outside of our own terminals?

Q. Yes?—A. No large ones.

Q. Most of your diversions outside of your own terminals was to public terminals?—A. The interior public terminals?

Q. Yes; was your diversion much stronger in 1927 than in other years?—A. From memory I would say it was, but I could not be sure of that, Mr. Ross.

*By Hon. Mr. Motherwell:*

Q. I would like to ask one or two questions. This 75-25 which is said to be a factor—I am not very clear on some features of it myself, but I can see from the standpoint of the mixer that he wants a little leeway in mixing; is that not it?—A. Speaking for myself, it is not a leeway for mixing; it is a leeway, if I were unlucky enough at some seasons, as I would be, to receive a run of grain which would be below the average.

Q. The low type stuff, say from the north—they always tack all this low grade stuff onto the north—could that be overcome a little by judicious binning?—A. I remember Mr. Horne stating that his objective was to try to scatter it around in the various grades of the one grade so that he would not have much of it in any one place; could not that be done with supervision on the part of the government? I remember what was done 14 years ago. If that supervision were restored would that not offset these lower types?—A. There would have to be diversion at the primary inspection points

Q. That is where it would have to be done?—A. Yes. You could hardly tie up the railways at the head of the lakes.

Q. You think there would be too much difficulty at the head of the lakes?—A. Yes.

Q. Could they not take them in rotation and switch them to any bin they liked?—A. To a bin in the terminal elevator, yes, but not to the different elevators.

Q. The same man will have a line of elevators in the south?—A. Not necessarily.

Q. The pool has?—A. Yes.

Q. The farmers' elevators have, and they represent a lot of people, the U. G. G. has them scattered all over. They would be getting trainloads from the south as well as from the north, and they would have complete control of the binning, so as to have them mixed up in the various bins and avoid low grade stuff, all at the same time?—A. The Saskatchewan Pool would have less than any other organization, there is no question about that, I think. But there are other pools as well, which do not draw from the same area that the Saskatchewan Pool does.

Q. They do not seem to be very largely represented before the Committee. The farmers' organizations have them pretty well scattered, I think. Therefore they could handle that pretty well. I think at least to a large extent, between that and cutting out the deflections, it would enable you much more readily to make your outturn correspond with your intake and with what is passing Winnipeg. That is worth thinking over, I think. And I wonder if you have any information to give us, Mr. Steele, with regard to the percentage of off-grade outside of damp and tough? We have been figuring it out by this book of official off-grades, running up to over five hundred in 1926, and by careful figuring we find in that year that there was about six per cent of it off-grades, outside of damp and tough. And by the same method of computation this year, from information we have got from various witnesses, a year like this, when there is very little tough or heated or anything like that, it is about two and one half per cent of off-grades. Would your experience confirm that?—A. That is what I was going to say, that it was from six to considerably less. I would not like to give a percentage.

Q. From two up to six per cent?—A. I think about that.

Q. 1926 would be an average bad year?—A. Yes.

Q. And 1928 would be an exceedingly good year?—A. Yes.

Q. Do you not think that we are worrying too much about that comparatively small amount and taking too great risks in taking care of that, to the detriment of the ninety-seven and one half per cent of straight grades, that is, plus the damp and tough of this year, of which there is not much?—A. The question of a bad season comes in, and I feel that the smooth working, that is the smooth flow of grain is to be preferred, if the same results are procurable.

Q. We will take the year 1926, for which we have the exact figures, that is six per cent, and that may be nearer the average than 1928 would be. But should we jeopardize by any means at all, which we can avoid, the ninety-four per cent of the crop by taking care of the six per cent a little bit better? It seems to me we are trying to save at the spigot and waste at the bung hole. We are saving the two and one half to six per cent and running the chance of wasting the ninety-seven and one-half or ninety-four per cent as the case may be,—or am I putting that unfairly?—A. I think, possibly you are Mr. Motherwell.

Q. Then I wish you would correct me, because I wish to be correct.—A. My idea is this, that in bringing some government supervision and putting everything on a smooth, even-running basis, at the end of twelve months your Board



of Grain Commissioners, if they are a sound, hard-boiled Board and fair and conscientious, would be able to give you all the information you require to enable you to make any change you need.

Q. Are we to infer that we have not got that kind of a Board?—A. No, not at all.

Q. But that is one of the conditions of betterment that we want, that kind of a Board, whether we have it or have not.—A. I would say a good sound Board is necessary.

Q. I understand one of them is very ill, almost unto death, and another one has been wanting to resign for a good while; and the other one is getting fairly up out of his teens. So that I think it will necessitate some change before very long. Now do you think I am unfair; and if so I wish you would set me right?—A. Well, in making it as strong as that we are jeopardizing ninety-four per cent for the sake of the six per cent. I think you are raising the standard to as high as is possible.

Q. Then do you think the complaints from the Liverpool Corn Exchange were not well founded? I am not proposing to quote them now. And not only the Corn Exchange at Liverpool but on the Continent, they have been threatening to discontinue buying on certificate final unless we change our ways. Now we have improved in this year, we have pulled up enormously, and are all glad of it; but the moment you get a year such as 1924, 1926 or 1927, you will have to make a change. It was a law by Mr. Symes, and no doubt he got away with some good work with it, but are we not open to the accusation made by the Old Country millers who want to know what we have done about it? I know that the bulk of the fault was due to the weather. In 1928 we had beautiful harvest weather?—A. Yes.

Q. Why should we leave ourselves exposed to another shot at us, when our competitors are pulling up on us, especially the Argentine? I am afraid we are jeopardizing our position, as long as we are trying to wean ourselves by degrees. Is that the way you wean a calf, by degrees?—A. Well, I do not know.

Q. As to the mixing in any shape or form of the off-grades, let me pick out some of them at hazard. Have you read them over?—A. Yes, I have.

Q. Let me read one where my thumb happens to be:

“No grade tough rejected 3 Northern sprouted rejected mixed and heated”?

A. Yes.

Q. And there is page after page of them.—A. But that is rather an extreme.

Q. Of course you do not put them all in at once, but what is to prevent you from putting some of them in? You have forty bins, and we have had witnesses here who have said they have put in twelve to fifteen.—A. Different kinds of wheat?

Q. Different grades of wheat. That was the Pool, also, in Mr. Sproule's evidence. Is the mixing of these off-grades into the straight grades the best way to restore the lost confidence of which we spoke a few minutes ago? Liverpool Corn Exchange says we have lost a large part of the confidence that they had in our certificate. Could we not do something more to get back that confidence which was so valuable to us?—A. Did the overseas' complaints cover the whole of that crop or just individual cases? It is my understanding that they covered but individual cases.

Mr. MILLAR: It was very general, but especially three.

*By Hon. Mr. Motherwell:*

Q. Here is one which was under dispute, but we will not deal with that because they were wanting to indicate just about what could be done. There are so many of them here that I do not know whether I can put my hand on a

[Mr. Robert C. Steele.]



particular one. What was the question which you were asking me, Mr. Steele?  
—A. I was wondering whether that represented the whole of the receipts, or just complaints against individual cargoes.

Q. Oh, this was an individual cargo. As I understand it,—maybe you will correct me on this,—a little formula is gotten out by the foreman. A boat is spotted by the elevator with an order to fill it out of 3 Northern. The foreman gets out a formula based on the price of the different ingredients to go into that mix. It may contain anywhere from two to a dozen different grades of grain; and that formula would be handed, like a prescription from a doctor would be handed from a doctor to a druggist, to the foreman or operator of the belt, and he will pull the strongs on the shoots which go to the belt; and they can put on as many of those as they like or as many as they think they can get away with.  
—A. They may put on as much as they can get away with; but if you set up a rigid standard, they will not put on many.

Q. The operator has no object in not working it, and he is instructed and has his instructions before him.—A. The idea, of course, is to get away with as much as possible. That is unquestionable.

Q. That is the idea, you think?—A. No doubt that is the idea.

Q. And, in my estimation, no matter how straight he is, once you throw it on to the belt, some of it in the rush will get past the inspector. Is not the proper place to catch that before it is on the belt?—A. Well, if all terminals took the responsibility of the cargoes which they loaded, and if the automatic sampler was kept under lock and key while the cargo was being loaded, it would be up to them, or they would lose their grade.

Q. You mean the outgoing cargoes?—A. Outgoing cargoes.

Q. You think that can be done?—A. It can be done quite simply at the Pacific coast, and I believe it could be done at the head of the Lakes also. I know it is simple at the coast.

Q. Some of us have been stopped, when making suggestions, on the ground that the rapidity of movement or momentum of the grain going on to the boat would knock anything endwise. But can it not be put up above?—A. I believe it can.

Q. But since the automatic sampler is applied to the farmer, to catch him if he is trying to get away with anything, or anybody else shipping individual cars, would it not be only fair to have the same principle invoked to see that the grain got on to the boat properly?—A. Yes, the same system should be used in both cases, I would think.

Q. At all events we are all agreed that we ought to keep up the quality of the grain?—A. Yes.

Q. And while some may think that the way to get rid of the grain is by mixing the bad stuff in with the better, you will excuse some of the rest of us who think that is not the way?

*By Mr. Millar:*

Q. If it had not been for the fact that you had been travelling with the Grain Commission this last winter, I would not ask this question. There was evidence, at I think, Saskatoon, by a druggist or chemist, who stated that the correlation between the protein content and the appearance of the wheat was so close that he could, by looking at a sample of wheat, tell within a very small fraction or determine the amount of protein. Now following that up, the thing which I want to get at is this, in case a change were made in the grades, and instead of trying to determine strength by the hard red vitreous kernels, you put in twelve, thirteen or fourteen per cent of protein, after the country elevator man had had a chance to have a training in this, how close do you think he would be able to come to it? Would he get close enough so that he could with reasonable certainty, not tell the exact amount of protein, but tell closely enough so as to put

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the grains into their proper grade, the higher grades only, one, two and three? Will you give what information you can in your own way on that?—A. As I remember, some chemist at a mill in Saskatoon, and I believe it was the Quaker Oats, in fact I am sure of that, made a similar statement to that. I do not know that he gave the percentage, but he said that he could tell the kind or quality of the protein close enough for any purpose, without a test. But there is a difference between a chemist of a mill, testing samples all the time, because he is in a different position from a country agent who has been trained to take the general appearance of a sample. I feel it would be very difficult. In fact, while I have examined a great many protein samples, and have been interested in the question for over three years, I would hate to say that I would come pretty close, and I have seen more protein grain than an elevator agent in western Canada.

Q. With your knowledge of this whole question, do you think there is enough in it to be worthy of further investigation?—A. Do I think there is enough in it?

Q. In this proposal?—A. In protein?

Q. Yes, in the study of the proposal which we have had before the Committee last year, and this to a lesser extent?—A. I think there is a lot in protein, but I do not feel satisfied that anything like the research work has been done that is necessary before any definite change could be made in the grade. In the first place, I am not satisfied that the protein itself is an indication of the quality, because badly frozen grain will contain just as much nitrogen—.

Q. This was to apply to the first three grades?—A. Take wheat grown in one section, it will contain just as much nitrogen, or the same percentage of protein as wheat grown in another section, and yet one is a better milling and baking wheat than the other.

*By Hon. Mr. Malcolm:*

Q. Mr. Steele, to come back to the question of our standards in the various grades on the European market, Mr. Motherwell keeps referring to the dissatisfaction manifest on the Continent over our grades. You have been familiar with the shipments that you have made to the Continent during the past two or three years?—A. Well, I have seen a good many samples.

Q. And you have seen the samples received on the other side, of the shipments you have sent?—A. Yes.

Q. And you have heard a good deal of expression in favour of our wheat this year, that has been submitted as evidence, that the Liverpool Corn Exchange were very much satisfied with our wheat this year, and that there was complaint last year that they were not satisfied with our grain. Supposing we had had no mixing in 1927, and the same quality of grain had gone to Liverpool, do you think they would have been satisfied with the grain?—A. No, I do not think so.

Q. You do not think the dissatisfaction had anything to do with mixing?—A. I do not believe mixing had anything to do with the dissatisfaction.

Q. Was it the quality of the wheat or the mixing that they complained of?—A. I feel that it was the quality of the wheat.

Q. That is the point that I want to bring out, that the crops were quite different, were they not?—A. Yes.

Q. And the 1927 crop did not have the milling and baking quality that the 1928 crop has?—A. But in addition to that, Mr. Malcolm, I feel there was a considerable quantity of dried wheat which went out in the straight grades. I think that had a bearing on it too.

Q. The wheat did not dry too well?—A. No, it was not properly dried.

Q. Those samples which Mr. Fraser takes voluntarily in Montreal—and which we think is a very good thing for him to do—are retained, and when a complaint is made against any shipment the sample is used to determine whether

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or not the grain in the outgoing cargo was of the standard set at Fort William. You have examined some of those, have you?—A. No, not those samples of Mr. Fraser's, no.

Q. Not of your own shipments?—A. No, I have not personally examined any.

Q. What shipments is it you refer to as having seen?—A. The overseas shipments, the shipments shipped from there,—the unload sample return from overseas.

Q. Have you found that that unload sample was not as good as the average outturn from the head of the lakes, in some instances?—A. In some instances, I have.

Q. You have examined some samples of cargoes going from American ports too?—A. Some of those would be from American ports, yes; I cannot recollect how many.

Q. Do you recollect of ever having had a sample sent back that did not compare with the outturn sample at the head of the lakes, the shipment having gone through a Canadian port, or were they all from American ports?—A. Oh, no. I cannot remember exactly, but they certainly were not all routed from one and not from another; there was no material difference.

Q. There have been several complaints made. Do you remember offhand how many?—A. I cannot remember; I cannot tell you that.

Q. In how many instances were the complaints sustained?—A. I cannot tell you that.

Q. I think Mr. Fraser said there were fifteen last year. How many were sustained, Mr. Fraser?

Mr. FRASER: Three.

*By Hon. Mr. Malcolm:*

Q. Would you say, Mr. Steele, that there were more complaints with regard to shipments of pool grain through New York than shipments of pool grain through Montreal?—A. No, I cannot say that, Mr. Malcolm.

Q. You have no recollection of that?—A. No.

Q. But you do believe that it would be advisable to have reinspection at Montreal?—A. Well, the mere fact of Mr. Fraser keeping those samples until such time as a complaint is received is an indication to me that there must be a necessity for something being done along that line.

Q. Of course, you realize that reinspection at Montreal will undoubtedly incur considerable expense?—A. Yes.

Q. It is an expensive matter to keep up a second inspection staff?—A. Yes.

Q. Would you suggest that the expense would be justified?—A. I would, personally, yes.

Q. Take a cargo of grain going via Buffalo out of the port of New York—how are we going to assure the buyer that it will have the same standard that was given it at Fort William? We cannot put Canadian inspectors at an American port, can we?—A. No. I do not know how things go out there at all, Mr. Malcolm. I have not given that matter any thought. The only thing I suppose you could do is to prevent it going out on a Canadian certificate final.

Q. Of course, it does not. It goes out on seaboard certificate as wheat of Canadian origin.

Mr. DONNELLY: You are wrong there, Mr. Malcolm, it goes out on Canadian certificate.

Hon. Mr. MALCOLM: That is a bonded shipment.

Mr. DONNELLY: All our wheat goes that way. It does not go out on American seaboard certificate.

Hon. Mr. MALCOLM: Since when?

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Mr. DONNELLY: I think you will find that it always has. Is that not so, Mr. Fraser?

Mr. FRASER: I believe our red spring wheat practically all goes out on western certificate. Some of our Durum wheat and barley go out on American seaboard certificate.

*By Hon. Mr. Malcolm:*

Q. That is not the point I am trying to make, Mr. Steele. Do you not think that if we had reinspection at Montreal the standard we set would be maintained more surely than it is at present, that in the handling from Fort William, whether through a Buffalo terminal or through a bay port terminal, there could be no tampering with the grain so that the standard of the grain would be lowered if the seaboard inspection at Montreal had to keep up all the time with Fort William?—A. Well, it would look to me as if that would prevent any of that.

Q. And then the grain from a Canadian seaboard would be preferred to grain from an American seaport if it went through a bond, because we cannot have reinspection at New York?—A. No. But still, for all that, it might go out of New York exactly the same as it went out at the head of the lakes.

Q. But there would be a chance of the grain going out of New York being tampered with but there would be no chance if it went out through Montreal?—A. No.

Q. Therefore, it would be an advantage in two ways. It would, first of all, assure the buyer that the grain was of the same quality that was inspected at the head of the lakes, that it was the same standard of the grade, and secondly, it would create a preference for a Canadian port?—A. Yes.

Q. So it is your opinion that reinspection at Montreal is desirable even if there is some expense attached to it?—A. Yes. That has been my opinion for some three years.

*By Mr. Donnelly:*

Q. Following up that, have you in examining the samples you brought back from the old country found more complaints about the American seaports?—A. No, I cannot recollect that.

Q. I am referring to the samples that the pool sent back; you got samples back of your own shipments?—A. Yes.

Q. I saw them there in Regina, forty or fifty samples?—A. Oh, yes. There were more than that, Doctor.

Q. You did not see any more signs of mixing in the American shipments, or the deterioration of our wheat in the American shipments than you did in our Canadian shipments, did you?—A. No, I cannot recollect that I did.

Q. Of those samples that came back from the old country, not those that you complained about, but the samples you brought back, those were the samples you were referring to when you said that you found quite a number of them not living up—A. Not a great number.

Q. But those were the ones you were referring to?—A. Yes.

Q. Not that complaints were sent back to you, but just those samples that you sent back from your own shipments; you examined them?—A. Yes.

*By Hon. Mr. Malcolm:*

Q. You cannot say that the shipments through the American ports were not as good as the shipments through the Canadian ports?—A. No, I cannot say.

*By Mr. Donnelly:*

Q. You said you thought we should have them checked up for overages. Do you think we would catch overages if we checked up our private terminals?—A. Oh, I do not know, Dr. Donnelly.

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Q. You do not know whether there would be any overages or not?—A. No.

Q. They might all disappear?—A. I do not know that there are any now.

Q. Mr. Motherwell was speaking about our grades, and he said that ninety-seven and one half per cent, or ninety-four per cent comprised the good grades, the straight grades, and that there were about three and one half per cent or six per cent that were off grades, and he spoke of jeopardizing the 94 per cent or the ninety-seven and one half per cent. Do you not think that in the past few years we have been doing that by mixing?—A. We have been doing it in the past more than we would in the future.

Q. I think what Mr. Motherwell was referring to was that in the past we have been jeopardizing the reputation of our good wheat for the sake of this three and one half of six per cent?—A. I did not get Mr. Motherwell right then. Oh, yes, we have, no question at all in my mind about that.

Q. And if we make the standard 75-25 you do not think that the reputation of our wheat would be jeopardized as much and that, therefore, the reputation of our wheat would be maintained?—A. Would be improved. I did not get Mr. Motherwell right on that.

Q. No, I think he is absolutely right there.

*By Mr. Ross (Moosejaw):*

Q. There was one question with regard to the mixing of grain. You spoke of mixing those into the straight grades. In your opinion does it deteriorate the straight grades to mix tough into it?—A. It depends a great deal upon the quantity of moisture in the tough. With moisture from 14.6 per cent up to about 15 per cent, and not too heavy a percentage mixed in, I do not think it would appreciably lower the grade.

Q. Over and above the 15 per cent, you think it would?—A. I do not know from personal experience, but some people will tell you that the tough wheat when mixed in with very dry wheat will absorb all the kernels; others will tell you that the moisture is never completely taken out of the tough kernels, in which case in the milling, I question if it would not be harmful. I am not a miller and am only taking other men's word for it.

The witness retired.

The committee adjourned until Tuesday, May 21, at eleven a.m.

HOUSE OF COMMONS,

TUESDAY, May 21st, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, a.m., the Chairman, Mr. Kay, presiding.

Mr. MILLAR: Mr. Chairman, before we start this meeting, may I be permitted to say that we are drawing to the close of the taking of evidence, and this may be the last full meeting. In regard to two matters we were discussing, which are of considerable importance to those interested in protein, I wrote to Dr. Larmour, of Saskatoon, and also to Minneapolis, a laboratory in Minneapolis. I have here two very interesting letters, and I would like to ask to have them placed on the record.

The CHAIRMAN: If you will file them with the clerk, they will be submitted to the Sub-Committee.

Mr. GARLAND (*Bow River*): Mr. Chairman, let me at this stage protest against putting a lot of unread stuff on the record. If Mr. Millar will give us the gist of what is in these letters, we will decide whether we will put them in or not.

The CHAIRMAN: The Sub-Committee can read them, and decide whether they should be printed or not.

Mr. MILLAR: Professor Larmour has taken three varieties of wheat, Marquis, Reward, and Garnet, and on this diagram he shows the correlation between the protein and the strength of the flour for bread making purposes. That is a point we have been discussing. He says they have just completed an investigation into this very matter, and he gives us in his letter the results. Then Mr. Sherwood, of Minneapolis, deals with the same matter in reply to a letter I wrote him asking him about the relations between protein and the baking quality, dealing with the same matter. If it is the desire of the Committee to have them read, I will read them, only I desire to save time.

The CHAIRMAN: If you will leave them with the clerk, the Sub-Committee will examine them.

Mr. DONNELLY: Mr. Chairman, as Mr. Millar has just said, the work of our Committee is drawing to a close, and the Sub-Committee will be endeavouring to get out a report. I wish to move here, seconded by Mr. Vallance, that the report of the Royal Grain Commission of 1925, the interim report of the Royal Grain Commission of 1928, and the printed evidence and the report of the Agricultural Committee in 1927 be filed for the consideration of this Committee, in order that if there is anything in connection with these reports that we want to take as evidence and draw our conclusions from, we will be able to have them before us.

The CHAIRMAN: It has been moved by Mr. Donnelly, seconded by Mr. Vallance, that the report of the Royal Grain Commission in 1925 (the Turgeon Report), the Interim Report of the Royal Grain Commission of 1928, and the printed evidence and report of the Agricultural Committee of 1927 be filed and taken as evidence for consideration by this Committee. Is it the pleasure of this Committee to adopt the motion?

Motion agreed to.



The CHAIRMAN: Is there anything further? Gentlemen, we have this morning the members of the Board of Grain Commissioners, and I will ask Mr. Boyd, the Chairman, to take the stand.

LESLIE H. BOYD called and sworn.

The CHAIRMAN: Mr. Boyd has no statement to make, gentlemen; he is here to answer any questions the Committee wish to ask. I may say that Mr. Snow is also here.

*By Mr. Donnelly:*

Q. Mr. Boyd, with regard to the reorganization of the Board, we have two suggestions before the Committee. One is that we have a board of three, stationed in one central position, with deputies in each of the provinces, with their staffs, to look after matters, and the other is that we have a board of five, with one commissioner in each province, that is, one in British Columbia, one in Alberta, one in Saskatchewan, one in Manitoba, and one at the head of the Lakes. We would like to have your opinion as to which method would be the better of the two.—A. Mr. Chairman and gentlemen, from my experience I would suggest that you still retain three members on the board, provided they are located at one centre, but I think if you have outside men—you may call them deputies or travelling inspectors—located in the different provinces, the work of the board will be done much more efficiently. These men will be in closer touch with the producers in each province, and any complaints they may have to make in the country, or any inquiries that they may want to make, they may go directly to a field man or deputy, and if he is not in a position to settle or decide the question, the board will go to these centres from time to time to deal with these questions. From my experience I would much prefer to see the Board remain with three, with these outside men doing the field work, and I think you will get more efficiency in the field work. If you have five commissioners, one located in British Columbia, one located in Alberta, one located in Saskatchewan, and one located in Manitoba, it is going to be very difficult to have them assemble for full board meetings, and with the business growing as it is, it is very necessary that your Board should meet as a whole as frequently as possible. For that reason I think three men, if they are located in one centre, they can be there every day and when they get a call, can travel out to the coast, if necessary, and deal with the questions that come up from time to time.

*By Mr. Ross (Moose Jaw):*

Q. In your opinion, Mr. Boyd, at which centre in the West should the Board be stationed?—A. Well, it seems to me that Winnipeg or Regina would be the best. The difficulty about Regina is, that so many complaints go to the Board from producers which have to be settled at the head offices of the company, that is, you cannot get any settlement at the country points, and in particular with the line elevators you have to get into touch with the management. That is my judgment, and for that reason I think Winnipeg would be the better place to have it. I might say that Regina, in other ways is practically the centre of the three prairie provinces, and would be more strategic, in some cases.

*By Mr. Donnelly:*

Q. Do you not think that if you had one in each province you would not have uniformity of decision? One man would give one decision, and another man would give another decision, while if they were all in one place, there would be a uniformity of decision.—A. That would be my view.

[Mr. Leslie H. Boyd.]

*By Mr. Coote:*

Q. Have you had that difficulty in the past, that you did not get uniformity of decision?—A. I must be frank with you there, gentlemen. With regard to the location of the officers, as they are to-day, it has been very difficult for the three of us to be together at all times, more particularly when an important question came up for decision. If an important question came up, we would have to travel to Winnipeg or Mr. Snow could come to Fort William, involving a journey of 800 miles, which would mean a loss of a day more or less. If you are going to have the Board work together uniformly, those three members should be located at one centre. I am quite satisfied you will get more efficient work and get better results, for that one reason.

Q. Another question which has been suggested is, that we increase the authority of the Board, give them more authority than they have had heretofore under the Act; what do you think of that?—A. Well, the authority of the Board might be increased. It has been said that the Board has not been able to function to the fullest extent that it wanted, for the reason that its authority was limited. It is true in a sense that the authority of the Board is limited, in this way, that if any section of the Act provided a penalty the Board itself has no authority to enforce any penalty or punishment, unless we take the matter into court, apart from certain sections which give us the right to cancel licenses. But first we have to hold investigations, and when we get to a certain point, we have to resort to the police court or a magistrate's court to enforce the penalties provided in the Act.

My idea of investigating complaints, is that I do not think any producer should be compelled to file his statement under oath. I think that is a lot of nonsense. I think if any producer has any complaint to make, all he ought to be required to do should be to send it in to the Board, and then the Board should act; and not force the producer to go to the expense of going to a notary to have it prepared. But on the other hand, when we submit it to the companies we do not have to ask them to put their reply in under oath.

*By Mr. Garland:*

Q. Could you not have done so?—A. Yes, I suppose we could. In many instances we have done that, where it has got to the point where we could not get the case settled. But as far as the producer is concerned, I think that you might take it out of the Act, unless the Commissioners thought it necessary. As far as the complaints are concerned, I think they should be handled as promptly as possible.

*By Hon. Mr. Malcolm:*

Q. Mr. Boyd, did you deal with them when they were not sworn to by the producer?—A. Yes, many times. But when it came down to an important question, if the company disputed the claim, then to be sure that we would start right we would have to ask the complainant to put his complaint under oath; otherwise, if we were going to proceed very far, we might be met with the objection that the complaint was not before us in accordance with the Act.

*By Mr. Brown:*

Q. When the investigation was actually under way and the company had to appear, they would have to make their statement under oath?—A. Yes.

*By Mr. Garland:*

Q. Why was it that so many producers were called upon this year to complain, when they were in writing and in many cases the Commissioners would write back asking for the complaint to be under oath?—A. That was largely

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because of the trouble we had last fall. We were trying to get these matters settled without going into the courts or having any litigation; and, in order to start correctly, as we were proceeding under a certain section of the Act, we used our judgment and thought it wise to ask the producer to put in his complaint under oath.

*By Mr. Coote:*

Q. Did you succeed in settling any of these cases without resort to a formal investigation?—A. Yes, Mr. Coote, we did.

Q. Without the complainant filing an affidavit?—A. Yes, we did. But in cases last fall, where we had dozens and dozens of complaints, we would not have been forced to go to all that delay had we been able to say that under the Act all we had to do was to ask Mr. So-and-so to put his complaint in writing, and then we could have got down to investigate it. But the Board feared if we made an investigation under the Grain Act our report might have been impossible to enforce in case the complaint was not under oath.

We have never had complaints get to the stage where it was necessary to take proceedings. We have had hundreds of complaints which have come in and been settled without having to go to the extent of going to court.

*By Mr. Garland:*

Q. I do not think there is anything in which the Committee is more interested than in giving to the re-organized Board the fullest possible powers to enable them to enforce the Act. You have had a long experience in connection with the working of the Act and in regard to its difficulties, and I wish you would give the Committee, as fully and in as intelligent a form as possible, information as to the powers of the Board.

Hon. Mr. MALCOLM: I do not think Mr. Boyd has been quite fair to himself. Mr. Boyd suggested to me last fall the very point which he is suggesting now, that it should not be necessary that the complainant should file an affidavit. He did not make it officially.

*By Mr. McMillan:*

Q. In case of a complaint being sent in, you do not know how far it is going to go and you do not know whether it is necessary that he should make his complaint under oath. Why not start in the right way?—A. Do I understand you to mean that he should file it under oath?

Q. Yes, if you get into court with a complaint, what are you going to do with a complaint for which you have not the proper foundation?—A. That is quite true; but in so many instances the complaints are of a trivial nature, and yet you do not know how trivial they are going to be until you investigate them.

Q. Nor yet do you know how serious they are going to turn out to be?—A. Nor yet how serious. That is quite right. Supposing the complaint is not under oath, the Board will travel to that point and hold an investigation under oath, anyway; and the Commissioner will take the evidence under oath; and we have it all taken under oath by a stenographer and the evidence extended. If it gets to the stage where an investigation is necessary, you go then and get it under oath.

The CHAIRMAN: Mr. Garland asked Mr. Boyd a question.

*By Mr. Garland:*

Q. I think we should be getting close to practical matters if we get an answer to my question. My reason for asking the question was a statement which was made before the meeting of the U.F.A. by one of the members of

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the Board, in which he said: "It has been evidently overlooked by the Board or the spokesman for the Board that the Board of Grain Commissioners has no more authority to carry out any of the provisions of this Act than any delegate in this room. They have unlimited scope as to making regulations but they have no authority to enforce them."—A. I think you are right, and I think what my colleague meant by that statement was that when it got to a certain point we had to go to the police court. I think that is what he really meant. I think his statement was too broad, because I certainly would not agree that we have no authority to enforce.

Q. I take it that the companies have been the offenders or the only ones against whom you had serious complaints?—A. Yes.

Q. And they have ignored or refused to accept the rulings of the Board?—A. I do not say that.

Q. Then why do you say that you have to go to the court?—A. If it gets to that stage.

Q. Well, has it got to that stage?—A. No, I cannot say that we have had any case sufficiently serious to go to a court, apart from a case in Manitoba on a Commission License.

Q. Have you not had cases where a company flatly ignored or refused your rulings?—A. I cannot recall them. If you will suggest any specific one, it might recall it to my mind; because at the moment I cannot recall any.

Q. I will bring down some correspondence later, and we can go into that. In the meantime, I would like you to give us your advice in the matter of the re-organization of the Board and of the Act.—A. It might be that certain sections of the Railway Act could be incorporated in the Grain Act, as the powers of the Commissioners are concerned. There are certain sections which I can give you later.

*By Mr. Coote:*

Q. To what do they relate?—A. They relate to the authority of the Railway Board to adjudicate, with a right of appeal. It would be necessary, if the Board of Grain Commissioners had the right to adjudicate, that there should be the right of appeal to the Minister or to a court.

*By Mr. Ross:*

Q. The appeal goes to the court?—A. Yes.

*By Mr. Garland:*

Q. Are you through, Mr. Boyd?—A. I would prefer to talk more in detail, later, if I may.

*By Mr. Donnelly:*

Q. I understood, Mr. Boyd, that the only penalty you can impose is one of cancelling the license. Do you think it would be wise to have fines, that the Board should have authority to impose heavy fines for breaking the law.—A. I am not very strong for the cancellation of a license. If you take it at a particular time, like last fall, when we had need for every bushel of storage space, you might be doing a very great injustice to the producers if you cancelled the license of an elevator, unless you had authority to take over the elevator and operate it yourselves; because you would be cutting out that much necessary storage space. It seems to me that a fine, with the power in the Board to enforce it, would be well to be covered.

*By Mr. Lucas:*

Q. Would it be possible, Mr. Boyd, to cancel the license of the elevator and take its operation over by the Board?—A. I do not think it.

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*By Mr. Coote:*

Q. Has the Board ever cancelled a license?—A. No, not at any time since 1912, has a license been cancelled.

Q. In the Turgeon Commission Report, at page 154, coming back now to the suggestion for a re-organization of the Board, they say:

We do strongly recommend that the Board should be supplied with sufficient expert technical and clerical assistance to enable it to accomplish its routine duties and at the same time to have opportunity to give a large part of its attention to its general functions of supervision, discipline and control over the Grain Trade.

I would like to ask you whether that has been done?—A. No, Mr. Coote, it has not.

Q. I would like to know whether you have been supplied with any extra assistance since that time?—A. Our staff has been increased, but not to the extent that it should be. As a matter of fact, as far as I am concerned, I have always been in favour of travelling inspectors for the prairie provinces. It is very difficult to get men under the salary which we are allowed to pay to them, of \$200 a month. You certainly cannot get the men that you would want on that job. Those men must have a knowledge of the Grain Act; they must have a general knowledge of the operation of elevators; and they must have tact, if you are going to send them out through the country to deal with questions and problems which come up from time to time.

I am strongly in favour of those men being put on and paid a salary which will attract men with the technical knowledge which they would require.

Q. Has the Board ever discussed it with the Minister?—A. I cannot say that we have made any official recommendation; but I have discussed it with Mr. Malcolm since he became Minister.

Q. Further on, on the same page of this report, it says, at the top of page 155:

The Board has the power to license elevators and to revoke licenses. We believe that there follows from this power the obligation to exercise some measure of inspection of the way in which operators of elevators and other licensees deal with the grain producers. We have already stressed this point in regard to country elevators.

Now, since this report was issued, has the Board made a practice of inspecting country elevators, so that you could be advised in your own minds as to the way in which these elevators are being conducted?—A. Mr. Coote, that was practically impossible with the staff that we had, as I said before. We have looked around to try and find men of the proper calibre to do that inspecting. With five thousand country elevators we would have to have quite a staff to move around and check up the operation of these country elevators. And to find these men, to my mind, is most important.

Q. I would just like to know whether anything more has been done since that time in regard to supervising the operation of country elevators than was done previous to 1925?—A. I cannot say. Mr. Coote, that very much more has been done.

Q. Then, following that passage, the report goes on to say:

The Board should be an itinerant Board in the same way as the Board of Railway Commissioners, and should visit from time to time convenient points in the grain growing areas to hear complaints and to remedy grievances. We believe that if it acted in this way it would perform a very great service to the grain growers and to the grain trade in allaying discontent and creating conditions of confidence in this industry.

Could you tell us what, if anything, has been done since that time to make the Board more itinerant in its characteristics? What public meetings have been held by the Board in different parts in the grain growing areas?—A. I cannot say, Mr. Coote, that we have set out any specific itinerary. From time to time we have been at country points; but we have made no special itinerary.

Q. Any meetings, then, that the Board have outside of its head office, would be to deal with some specific complaint?—A. Yes, that is correct.

*By Mr. Young (Saskatoon):*

Q. Whenever there was a major complaint of any kind, the Board went there and investigated at that point, did they not?—A. Yes, sir.

*By Mr. Coote:*

Q. I presume we could get the number of the meetings of that character which the Board has held, and where they were held?—A. Yes, the secretary could furnish that.

*By Mr. Millar:*

Q. I think you said you had not revoked any license. Have you ever found it necessary to give a gentle hint that a license would not be granted?—A. Well, I cannot say that we have found any matters of sufficient seriousness to suggest that.

*By Mr. Ross:*

Q. Under the Act as it reads now, have you authority as a Board to supervise and check any country elevator, if they wanted to?—A. Yes.

Q. In every way?—A. Yes, we can call for their records and their books and everything else, under the Act. That power is there.

*By Mr. Young:*

Q. And as a matter of fact, Mr. Boyd, if a complaint is made, you do make that inquiry?—A. Yes, we do.

*By Mr. Garland:*

Q. Mr. Chairman, this is a very interesting point. There may be some confusion in the minds of some of the members of the Committee, as there has been in some of our minds as to just what is meant by an investigation. There is an investigation, I take it, almost always held when you receive a complaint?—A. Yes.

Q. The thing we are interested in is when the hearings were held—you do not say that a hearing has taken place in every case?—A. Oh, no.

*By Hon. Mr. Stewart:*

Q. The point I want to make clear, Mr. Boyd, is this, that if the complaint is of a character which requires an investigation, an investigation is held?—A. Yes, that is so.

Q. If it is not considered of that character, then the investigation is not held. I do not see why you should demand an investigation on every complaint, unless it would be necessary, and its necessity would be left to the discretion of the Board?—A. There are many of them come in which are of a trivial nature, but sufficiently important to the man making the complaint, so that it requires the same attention from the Board as would be given to a matter of more serious character. If in investigating a trivial complaint we are able to show to the company that they are wrong, we are able to get an adjustment. I may say that I believe nine times out of ten the producer has had the benefit of a favourable interpretation of the Board.

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*By Mr. Garland:*

Q. If it all works as smoothly as that, I am puzzled to know why you advise the appointment of the travelling inspectors?—A. For the very reason that the business of grading grain has grown tremendously, and in my opinion the Board would be able to get much more information; and the Board cannot have too much information in regard to the operation of country elevators. It is impossible for the Board itself to visit five thousand country elevators.

Q. I do not think anybody has suggested that, Mr. Boyd.—A. No, but I do think if we had travelling inspectors we might get more information. We might get some information from a particular point that at a certain elevator there is something wrong. We would wire our man to go there.

Q. In the past you have not undertaken such an investigation?—A. No, we have not had the men to do it.

*By Mr. Coote:*

Q. Were you furnished with a copy of the Turgeon Commission's Report?—A. Oh yes.

Q. That very thing, it seems to me, is recommended in that report.—A. Oh yes.

Q. The question which naturally arises in our minds is whether you took the three years which have elapsed since that time to recommend that inspectors should be appointed?—A. We have talked it over two or three times in the Board, and I have always been of the opinion that if we could find the men we should put them there.

Q. Did you have any authority to put them there?—A. Yes, we had at \$200 a month.

Q. Did you make any recommendation to the Minister of Trade and Commerce?—A. Nothing more than I spoke to the Minister last fall about it.

Q. Last fall is a long time after the report?—A. That is true. After the trouble we had last fall it was very apparent that if these things were to continue to exist some check would have to be put on the outside elevators in the country; and the way to do it was not by appointing more Commissioners but by appointing inspectors outside who would do the work.

Q. Then may I say that the reason you suggested it to the Minister last fall was because of the pressure brought on you by the country, and not because of any knowledge which you had before of its need?—A. No, I cannot say it was because of pressure being brought on us. It was because of a more determined realization that those men were necessary.

Q. What made you realize more that it was necessary—was it not a condition which grew up in the country?—A. Yes, that is true, it was a condition which grew up in the country.

Q. Would it not be better policy for the Board to ask the Minister for anything that the Board considered necessary, without waiting for the country to get into the situation which they were in last fall?—A. Perhaps that may be quite right.

Q. If we had had these five Commissioners and paid the proper salaries, and if they were situated in the different provinces to hear the complaints and deal with them properly, do you think that perhaps there would have been less dissatisfaction in regard to the matter than exists now?—A. I doubt it, Mr. Coote, because we have had conditions for the past three or four years which no Grain Commission in the world could have avoided. I am speaking of the climatic conditions which affected the crop. We all know what the two Tough and Damp crops were, and we know what the last year's crop was. To my

mind those conditions were a very serious element in creating dissatisfaction. I know if I had been a producer I would have looked somewhere to find who had caused me all that trouble.

*By Mr. Vallance:*

Q. If we decide to appoint these inspectors, and apparently you think it is necessary they should be appointed?—A. Yes.

Q. As Chairman of the Grain Board, would you suggest that these men be absolutely under your control to hire and fire, and not under the Civil Service Commission?—A. Yes. I was pretty abrupt with that answer, and correct too. In many ways the Civil Service Commission are of great benefit; but in matters of this kind, where the Grain Commissioners know the quality, the capacity and the ability of the men they are engaging, we ought to be able to engage them at a salary; and if they are dissatisfied with them, to let them out and get other men to take their places.

*By Mr. Garland:*

Q. Mr. Boyd, did you find much difficulty in deciding under which of the investigating sections of the Act you should carry out any investigation?—A. I do not think so, Mr. Garland. Section 108 is very clear.

Q. And Section 166 also?—A. Yes.

Q. They are not quite on a parallel, by any means?—A. No. I would suggest that all investigations be included under one general clause, whether they be on complaints against terminals, company elevators, commission agents, or anybody else. Make a general investigating clause.

Q. For example, under sub-section 4 of section 108, the Board shall apply such remedy as is provided by statute and shall institute proceedings at His Majesty's expense whenever it considers a case proper therefore. What remedy is provided?—A. The only remedy that is provided is the General Penalty Clause in the latter part of the Act.

Q. That is not a remedy.—A. It is not a remedy; but the way the Act is to-day, that is the only remedy you can find; and I agree with you that it is not a remedy.

Q. Have you made any general analysis of the Act, or any recommendations at any time with respect to its improvement, officially?—A. Not in the last three years—not since the Act was revised.

*By Mr. Coote:*

Q. Under this reorganization of the Board which you suggest, that the Board should be continued a central Board of three members, and the others as inspectors or sub-commissioners, just what duties would the central Board perform, and what duties would be delegated to the sub-commissioners or inspectors?—A. I would continue the authority of the Board the same as it is to-day, that is that it be administrative, and quasijudicial in its executive authority. Then the Board might by regulation delegate to the men in the different provinces certain authority to perform certain duties and do certain work in connection with the general administration of the Act. I think you could set out a series of regulations by giving the Board the power in the Act to delegate. And those regulations would set out just what these field men could do, how they are to report, and what would be done with reports which they had made. I think you could delegate a good deal of that work, and I am quite certain in my own mind that you will get a lot of efficiency out of an administration of that kind.

*By an Hon. Member:*

Q. When you say delegating, I take it you do not mean divesting the Board of its authority?—A. Oh no.

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*By Hon. Mr. Malcolm:*

Q. I think it is only fair that the Committee should understand that after the Turgeon Committee report was made a Committee of Parliament sat?—A. Yes.

Q. And three years ago, after the Turgeon Investigation, certain recommendations were made by this Committee to Parliament, and were incorporated in the Act?—A. Yes.

Q. So that whatever the Committee of Parliament thought of the Turgeon Report, the changes in the act were made by Parliament on the report of this Committee which was considered the Turgeon Report.—A. Yes.

Q. From that time in 1925 when the Committee revised the Act in the light of the investigation which the Turgeon Commission held, no further Parliamentary enquiry was made into the Act, I think, with the exception of an amendment to Section 150. From that time until last summer, when certain problems in connection with the operation of country elevators arose, no discussion by Parliament or by the Department took place with regard to further revising the Act. Is that not true?—A. That is quite true.

Q. During the past fall you for the first time discussed with me the suggestion that the Parliamentary Committee dealing with the Turgeon Report, had not gone as far as it should have gone in connection with the appointment of inspectors which in your personal opinion was advisable, but that your Board as a board in discussing these recommendations and investigations had not been unanimous in recommending it to me officially as Minister. That is really the situation which exists in regard to any parts of the Turgeon report that were not carried out in full; that is, they were not carried out because the Parliamentary Committee did not recommend them to the House. But had that Committee recommended them, I have no doubt they would have been incorporated in the Act, and from that time until last fall you did not see fit to make any recommendations that the Committee had not made.

*By Mr. Garland (Bow River):*

Q. You knew of course the Act required further revision on that point, but you did not bother making a report to the House?—A. I would not say that I did not bother. I must frankly tell you I have devoted a great deal of time in going over the Act in the past three years, to see what further suggestions could be made after the Act was passed.

Q. That is exactly what I would like you to announce to the Committee, the result of that close study of the Act in the last two or three years. It will help us as much as anything else if you will give us that.

*By Mr. Millar:*

Q. Did you give that to the members of the Brown Commission?—A. I beg your pardon?

Q. Have you given that to the members of the Brown Commission?—A. Not yet.

*By Mr. Garland (Bow River):*

Q. Can you give that to this Committee?—A. Not off-hand, but I shall be glad to do so.

*By Mr. Glen:*

Q. Later on?—A. Yes.

Q. When?—A. Well, it is very difficult for me, with my eyes. I am not allowed to read, at the present time. I will have to go over the Act, either with a secretary or somebody else again.



*By Mr. Garland (Bow River):*

Q. You made no notes?—A. I made no notes. Just from time to time, sitting in my office, as questions came up I would look at these sections to see what changes might be made.

*By Mr. Millar:*

Q. I hold in my hand a letter written by Mr. McKenzie, of Saskatoon, who says the shrinkage, which does not seem to be very large, is about 20 pounds to 60 bushels. He takes the crop as amounting to 550 million bushels; I think he is out in his figures there. How is that shrinkage fixed; assuming that you consider it justifiable, how would you justify it? Is it fixed by the Board?—A. Yes. That shrinkage table is set, as you are aware, at a tariff session, at which everybody is present, that is everybody is invited to be present. During the past three or four years the Pool representatives have been present, and have put their stamp of approval on this as being a fair allowance.

Q. When you say everybody is present, just what do you mean?—A. Everybody is present who has an interest in the tariff session. Everybody is invited.

*By Mr. Ross (Moose Jaw):*

Q. Mr. Millar's question was not fair, was it, if it takes the outside figure for the crop of Canada and assumes that it is all marketed through the elevators, with the shrinkage taken off, it would be very much less than that?—A. Yes.

Mr. MILLAR: I said that this man was off in his figures, but these are the figures in the letter.

*By Mr. Coote:*

Q. Coming now to the powers and duties of the Board, they are given on page 5 of the Canada Grain Act.

11. The Board may authorize any commissioner to hold any inquiry or make any investigation in any part of Canada.

Then we have Section 12.

There may be appointed in the manner authorized by law, any person who has special or technical knowledge, in respect of any matter before the Board, to assist the Board in an advisory capacity.

Do you think that under these two sections, provided you were furnished with sufficient money by the Minister you could appoint inspectors, at least as competent as the inspectors you have, at all events under the Act as it is now? Or do you think it is advisable or necessary that we have some further powers than those provided in the Act?—A. I think these sections might be sufficient to carry it through, provided the Board could appoint these inspectors and fix their salaries, and not have them fixed by law, which means the Civil Service Commission.

Q. Under some other sections of the Act, as the Act is now, you would have to have the salaries fixed by the Civil Service Commission?—A. Yes. I think if that were put in the Board could operate, and appoint such inspectors as they think necessary from time to time, at a salary fixed by the Board but approved by the Minister.

Q. That is all that would stand in the way, at the present time?—A. That is all.

Q. Those two sections with that addition would give you the power to appoint the necessary men?—A. Yes. I know, Mr. Coote, that some four, five or six years ago I went out on an itinerary of my own; I was authorized

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by the other members of the Board, and I held 12 or 14 investigations of complaints that came in. I went out myself and came back again, on that section you have read. Sometimes it is not convenient for all the members to travel out. Take Mr. Snow, for instance, he goes out from Winnipeg quite frequently; he is delegated or authorized by the Board to hold an enquiry or an investigation, and he goes out and does it.

*By Mr. Ross (Moose Jaw):*

Q. That Board as a board has plenty to do without doing that work, have they not?—A. They have, but at the same time I think there are certain investigations the Board should carry out.

Q. After they have reached a certain point, they should go and hold an investigation as a Board?—A. That is right. I know we have gone out on some complaints which were of a trivial nature, but which were as important to the producer as if the claim were for one thousand dollars. We have gone and investigated it.

*By Mr. Coote:*

Q. Are these investigations or hearings held by the Board or by an officer delegated to hold them?—A. Not by an officer unless there were a complaint about inspection or weighing. We might ask our chief inspector or our chief weighman to investigate and report to us, but ordinarily it would be a member of the Board.

Q. In a case like this, where a car was bulkheaded, and when it went to the terminal the car was emptied without the bulkhead being removed, the shipper suffered considerable loss as the car would be graded mixed wheat and oats, in a case like that if an investigation were held it would be by one of the members of the Board?—A. Yes. The technical men would be heard, to enable the Board to decide.

Q. I want to find out whether in the past any man or officer of the Board has been sent out to conduct a hearing?—A. No, I cannot recall any case of that kind.

*By Hon. Mr. Stewart:*

Q. In the tentative proposal, at all events from what appears to be a tentative proposal for an inspector or some person acting on behalf of the Board to hold an investigation—I am anticipating the proposal—it will be necessary that that member should have all the authority of the Board, with the exception that you speak of; that is, if the Act does not give him that authority it would have to give it to him?—A. Yes.

*By Mr. Carmichael:*

Q. Have you given any thought as to how many field men it would take to handle the situation at the time of the crop being moved, in the crop season?—A. You would need more men, if you got them of a temporary character, but you might put on a staff of permanent men that at other seasons of the year you would not require. If you are going to do this thing properly, this is what you will require; one man in Edmonton, one man in Calgary, one man at Regina or Moose Jaw, one man at Saskatoon, one up in the north of Manitoba, and one down south. You would want at least six men, that is, if you are going to put men in a position of easy access to the producer, so that a man can get his case to an official in as short a time as possible. If you were to do that, that would eliminate a lot of complaints, if the producer felt that there was somebody near at hand he could go to.

Q. You would recommend a permanent staff of six, which could be increased in the busy season?—A. Yes, if necessary.

*By an Hon. Member:*

Q. What about Vancouver?—A. I do not know that it is necessary to have one there at present. It might be well to have an officer there. He would have to be of a different character to the men you are going to have on the prairies.

*By Mr. Ross (Moose Jaw):*

Q. Would not those be complaints regarding weight or inspection, altogether, practically?—A. Yes.

Q. And could be handled by the officials that are there now, pretty well?—A. I think they could be.

*By Mr. Coote:*

Q. Whichever suggestion we may finally decide to adopt as to the new Board, three or five or six officials, would you not say that it was very desirable that those commissioners should be in as close touch as possible with the producer?—A. There is no doubt about that, Mr. Coote.

Q. Looking at it from that standpoint alone, there possibly would be a good deal in favour of having a board of five stationed at different points, no doubt they would be in much closer touch with the producer?—A. Well, the more members you have, the more difficulty you will have in getting them to come together for board meetings, and I feel that if you are going to have a board, the oftener you have the Board meet, the better the results, and the more efficiency you are going to get.

Q. There are several angles to most questions, and I am trying to see them all. In the interim report of the Royal Grain Commission which is now sitting in Saskatchewan, they bring out, or state rather, "if two different standards were being used to judge grain," that is, grain coming out of private terminals at Fort William—I wonder if the Board in the past have interested themselves in things of that nature; that is, have they been keeping in a position to be informed of the practice which obtained in the Inspection Department?—A. Well, I can say Mr. Coote, as being one of the resident commissioners at Fort William, where all the outgoing grading is done, I kept quite closely in touch with Mr. Symes, and I know Mr. Robinson did too, and I from time to time would enquire from Mr. Symes how the standard was being kept up coming out of the private houses, and I have discussed it with him, with the result that he made this standard. I should not use the word "standard"; he made this sample as a guidance for his inspectors, to keep up the grade coming out of the private houses.

Q. The point I have in mind is this: how far should the Board of Grain Commissioners themselves go in the supervision of the Act? In connection with the Inspection Department, there has been a pretty general feeling that the Board exercised no supervision over the Inspection Department. I would like to have a statement from you in regard to that, if you can give it to the Committee?—A. I can say this, Mr. Coote, that I have refrained from interference with the inspection of grain as carried on by the inspectors, so long as we thought that they were grading the grain in accordance with the Act, in the statutory grades and the commercial grades as set by the Standards Board.

Q. Right at that point I want to know whether the Board had taken any steps, or whether they had concerned themselves with that question, whether the inspection or grading of grain was being done in accordance with the terms laid down in the Canada Grain Act, or whether they took it for granted the

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inspector was running that satisfactorily?—A. I would not say that, Mr. Coote. We have had from time to time, as a matter of fact every time Mr. Robinson and I went to Winnipeg, we conferred with Mr. Snow, and we have had at all times Mr. Fraser down to discuss the grading of grain and how things were going. If there were any troubles, we always did that. \*

Q. If any complaints came to the Board, you would discuss them with the Chief Inspector?—A. Yes. We would bring him down, and he would make a report to us.

Q. If the Chief Inspector had any major complaints or in any season, when there were many complaints or dissatisfaction, he would discuss them with the Board?—A. Oh, yes.

*By Mr. Donnelly:*

Q. In appointing the Board, do you think it would be well to change the term of office, making it a five or ten year term?—A. I will give you my own opinion upon that. I think that if you are going to select commissioners, they should be appointed in the same way as judges. If you want to get good men—and that is what you are after—if you pick out a man and say, "Here is a man qualified to hold the position of a grain commissioner," he should be given the same term as a judge, and be removable for cause. You select men for ten years now. I do not think ten years is too short a time. The position is a very important one, and if you want to get men who are willing to take the job, they will only take it if it is for a period of time which will give them a decent living out of it. The men you select are going to be selected from men in some walk of life, who have knowledge and experience of the grain trade, and they will not give up their present positions unless you make it sufficiently attractive for them.

*By Mr. Coote:*

Q. You could not get up any argument like that in regard to members of Parliament, I suppose?—A. Well, I do not know, Mr. Coote, I think it might apply more to members of Parliament. I think they would have even more difficulties than the Grain Commission.

*By Mr. Vallance:*

Q. Than with the Grain Commissioner?—A. "With" and "than."

*By Mr. Garland (Bow River):*

Q. Are you having any troubles now, any complaints or difficulties, in any part?—A. Not at this time of the year.

Q. Is there a period of the year when they let up on you?—A. Yes.

Q. At about what time?—A. Well, Mr. Garland, you do not get many complaints when the grain is moving. You may get complaints about unload, and that sort of thing, but the complaints you get from the producer come in after the close of navigation, and then they carry on through the winter, as they get their returns.

Q. At this time of the year and for some months you will not be very busy?—A. Not very.

Q. You will have time to check up on the general situation in the country?—A. Yes.

Q. You have time to check up on the country houses, and so on?—A. What do you mean by that, Mr. Garland?

Q. You could have gone into the district and looked over the situation?—A. We might have done that.

*By Mr. Ross (Moose Jaw):*

Q. Do you think you are appointed to do that sort of work yourself, or is that not work for an assistant and not for the members of the Board? Do you not think you have enough work outside of that?—A. Personally I do not think that should be the duty of the Grain Commissioners, except in important matters. I think if you had these men, that work could have been done by them, and these men could report to the Commission.

*By Mr. Coote:*

Q. Forgetting the past, and looking to the future, do you think such a board as perhaps we have in mind now, during the slack season of the year might hold meetings throughout the grain-growing districts, a number of meetings, and do the work which is now being done by the Royal Grain Commission of Saskatchewan, and which has been done in the past by different grain commissions, so that we might keep up-to-date with all changes necessary in connection with grain supervision?—A. I think that is quite in order, Mr. Coote.

*By Mr. Garland (Bow River):*

Q. Do you not think it necessary?—A. I think it would be a great benefit.

*By Mr. Coote:*

Q. It would not be working any hardship on the Board, or giving them too much work to do?—A. No. Quite frankly, there are times that I think the Board should call meetings, advertise them, and say that we should be glad to hear anybody who wants to attend.

*By Mr. Garland (Bow River):*

Q. That would avoid a lot of trouble?—A. That is right.

*By Mr. Coote:*

Q. Once a year you make a report to the Minister?—A. Yes.

Q. Would it not be well to incorporate in that report any suggestions that occur to the Board as a result of their deliberations at these hearings, and pass their recommendations on to the Minister?—A. Yes.

Q. I notice in the Turgeon Commission report that they say they are of the opinion that the annual reports should contain a full account of the activities of the Board itself during the year. I do not remember reading in any of the reports that record of the activities of the Board during the year. It seems to me that the annual report would be a fine place to put that in?—A. I will explain that, Mr. Coote. Five or six years ago we did print a much larger report than you get now, and I think we were asked by the Department to cut the expenditures down. We tried to put into the Report everything we had been doing during the year, which might appear of any importance, or if the Board thought there should be a record of it, it would appear in the Annual Report.

Q. If that were done, the Minister and the House would have some idea of what the Board were doing?—A. No doubt.

Q. I take it that the suggestion from the Department occurred before the present Minister came into office?—A. Yes sir. I am not referring to the present Minister. To be fair to the other Minister, it was at a time when all departments were asked to cut their estimates down to the bone.

*By Hon. Mr. Malcolm:*

Q. That is, for stationery and printing?—A. Yes.

*By Mr. Garland (Bow River):*

Q. You of course think it would be a good thing to keep in as close touch with the producer as possible, and to hold these meetings in the off season of the year?—A. I think so.

Q. Do you not think it would be a very good thing and necessary that the whole Board should from time to time travel over to our biggest buyers in Europe and study the conditions there?—A. Well, I will say this, Mr. Garland, that some five years ago, when the Honourable Mr. Robb was minister, he sent me over there with Mr. Serls, and I must admit that it was of great advantage to me, and they were very glad to see somebody over there. Subsequently Mr. Robinson and Mr. Fraser, our chief inspector and our secretary, went over, which I think was a very good thing. I think that from time to time we should make a trip, so that we may keep in touch with the men who are buying our product. A periodical trip like that would be very beneficial.

Q. In that case, do you not think it would be advisable, in order that the service required of the Board should be fully and properly performed, that a board of five, two or three of whom could undertake the European trip, and the others could keep up this contact with the producers, which is so essential, more essential than the European trip?—A. Quite so. I am giving you my opinion from my experience. I think you will all agree that a board of three works more efficiently than a board of five could. You are more likely to be in accord, your discussions would not be quite so long. In matters such as you suggest a board of five would be of benefit.

*By Hon. Mr. Stewart:*

Q. Do you not think it would be a rather unnecessary expense, to send three members of the Board? My suggestion would be that one member of the Board could go to the principal markets of the world, once a year, and the others remain in Canada because after all the producer is the man who is making the most noise and who should be looked after?—A. Yes.

*By Mr. Coote:*

Q. If any recommendations of the commissioner who went to the Old Country were incorporated in the report to the Minister, that would help to keep the members of the House of Commons supplied with those changes you think are wise?—A. Yes.

*By Mr. Garland (Bow River):*

Q. The Brown Commission's Interim Report recommended the licensing of country elevator agents?—A. Yes.

Q. What is your opinion of that, licensing by the Board of Grain Commissioners?—A. That means in round figures that there would be 5,000 country elevator agents licensed. I presume the least amount you would charge them would be \$5. The difficulty I see would be this, you have a great many of these men who do not act for very long, sometimes you know they prove of no value, and are let out.

Q. That is the trouble?—A. That is the trouble. Would the licensing of those men be of any benefit? That is the thing I am not so sure about. I am trying to turn over in my mind where the benefit would come from this licensing.

*By Mr. Bancroft:*

Q. Would it be possible for the Board to know anything about the majority of these men?—A. The only way to do that would be to make the country line elevators responsible, and license the agents through the country elevator. That is the only way you could do that.

[Mr. Leslie H. Boyd.]



*By Mr. Garland (Bow River):*

Q. The Brown Report goes into that and covers it very exhaustively. I take it that if it is proposed to have a board of three, with resident commissioners or field men, or whatever you may call them, the elevator agents could apply to the local officers of the Board in each of the provinces, and the new ones at least will undertake to pass the required examination as to their fitness for the position?—A. Yes.

Q. Because frankly you will admit that from your own experience most of our problems arise from disputes between the buyer and the local elevator agent?—A. Yes.

Q. They have not kept to the Act, they know nothing about it, and care nothing about it in most cases to-day?—A. I would not want it understood that any remarks I have made in reference to that would be taken as against the recommendation, because after all, whether they are licensed or not, it is a question of procedure. If you are going to license them, and you would have a control over them that the Board have not got now.

Q. That Brown Report reads as follows on that particular point, "the Board in requiring a license from an elevator agent would naturally act with discretion and so as to not create unnecessary difficulty or inconvenience." The Report suggests at the outset that it would be a real step forward, if all agents were required to take out these licenses as the Board might prescribe. You would have no objection to that?—A. No, I have no objection to it at all. I am trying to see how you are going to put it into practice.

Q. You think that if it could be put into practice that it would result in a benefit?—A. It would not result in any harm; it would be a benefit, I should think.

*By Hon. Mr. Malcolm:*

Q. At the present time country elevator operators other than those operating pool country elevators are registered with the Winnipeg Grain Exchange, are they not?—A. Yes.

Q. What manner of test is applied to show the suitability of these men before they are engaged—is there any?—A. Yes, there is. The Northwest Grain Dealers' Association has a system of checking these men and they have a record of all the men who have been country elevator agents; and when a man applies for a position to a particular company, that company in turn goes to the Northwest Grain Association to find out what kind of a character he has and whether he is a reputable man who is a proper man to be put in as an agent.

Q. So that, so far as the trade is concerned, they have some knowledge and some record of the class of men employed?—A. Yes.

Q. So far as the Pool is concerned, has not the Pool something similar?—A. I believe so.

Q. So that there is some knowledge on the part of the grain dealer and of the Pool officials as to the qualifications of the various men who would be applying to them for positions. Then with that knowledge before them at Winnipeg, it should not be a very difficult matter to select men.—A. I should not think so. When you have to select five thousand men, you cannot get that many men one hundred per cent efficient.

Q. I do not suppose you have any figures to verify it, and it would have to be just on your opinion, what percentage of removals is there throughout the country in a season?—A. We have no record of that, Mr. Malcolm.

Q. You have not heard of any great number of dismissals?—A. No.

Q. But there are changes taking place from time to time?—A. Yes.

Q. For cause, mostly?—A. Inefficiency, I suppose. It is just as much in the interests of the private company, Mr. Malcolm, to see that they have got

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good men, because they may cause them tremendous losses, in the same way as they might hurt the producer. So that they are interested in having the best men they can get.

Q. So that if these men were to be licensed pursuant to the report of the Brown Commission, you would feel that once a man had been removed for cause his name should be taken off the list?—A. Yes.

Q. But the cause for which he was removed might be that he was not acting in the interests of the company buying grain?—A. It might be.

Q. And the producer might feel that the man was a very good country operator?—A. Yes.

Q. So that as a Board of Grain Commissioners you would be immediately faced with having to decide whether or not the cause for which the man was dismissed was in the interests of the producers or not?—A. Yes, that is possible.

Q. Do you think it is physically possible for a Board of Grain Commissioners to adjudicate upon the decision of the Pool on the dismissal of one of their men, or upon the dismissal by one of the line companies of one of its men, as to whether it was proper or not?—A. That is one of the difficulties which I had in my mind, as to whether it was practicable or not.

Q. Does it not come down to this, that in the dismissal you would leave it to them, but the Board would be faced with whether it was justified or not?—A. Yes. The moment you license these men, if they are dismissed you would in fairness to them have to give them an investigation.

Mr. GARLAND: May I finish this particular point?

*By Mr. Garland:*

Q. If an elevator agent is licensed by your Board, that merely means that you give him a license to operate at a warehouse, and no particular company or Pool is concerned in that particular license. Is there anything in your licensing of the men to prevent the company firing him, if they see fit?—A. I would not think so; but the question to my mind would be this, if the man applies for a license, how is the Board to know that he is sufficiently qualified to act as an agent, so as to give him a license? We have to go somewhere to get that information.

Q. The Brown Commission has worked that out to some extent, and the working of it out is something for the Board to work out for themselves. Certainly one of the requirements would be that he should have a knowledge of the Grain Act?—A. Surely, that is so.

Q. And you know from your own experience that most of them do not know that Act?—A. Yes.

Q. Section 167 of the Act now provides that the Board not only may dismiss an elevator agent, but also may provide that he shall not be hired by any other company.—A. Yes.

Hon. Mr. MALCOLM: To dismiss, but not to adjudicate upon the dismissal by somebody else.

*By Mr. Garland (Bow River):*

Q. Let us clear that up. In your opinion, if the Pool hires a man who simply has a license which you have given him testifying that he appears to be a suitable man so far as his knowledge of the Act is concerned, and so far as the grading of wheat is concerned, if you can bring that to bear, at all events whatever knowledge he has you have licensed him; and if the Pool employs him and then fires him, would you have anything to do with it?—A. It seems to me that we might be called upon to inquire why he was dismissed. Taking

the other side of it, if a man has a license from the Board and the Pool is looking for an agent, and this man says "I want this job" and the Pool says, "No, we do not like your past record and we will not engage you," he comes back to us and says "What is the use of you giving me a license? I have a license to operate a country elevator and I have gone to them and they say they do not want me." That raises trouble.

*By Mr. Donnelly:*

Q. We give men authority to run an engine, and a man gets a license, but we have nothing to do with whether he is hired or fired.

*By Hon. Mr. Stewart:*

Q. I think, Mr. Boyd, you would be going a little bit too far. All you have to do is to set the examination; the man passes that examination, and you grant a certificate that he has passed that examination. I think it would be folly to go further than that in connection with your license.—A. If that is all, it is all right.

*By Mr. Garland (Bow River):*

Q. The only authority would be in case the man violated the Act, and you now have full authority under Section 167 to cancel his license.—A. Yes.

*By Hon. Mr. Malcolm:*

Q. The man is licensed by the Board because he has sufficient knowledge of the Grain Act and sufficient knowledge of the grading of grain to entitle him to operate a country elevator. But if in his work of operating a country elevator, he does not give satisfaction to the owner of the country elevator, because, say, he grades the grain too high and makes the operation of that country elevator unprofitable, he is dismissed. However the producer in the country says that the man does not grade too high, that he is a fair grader and that in the view of those using this house the operator has been right in every instance, and he says "We do not think he should be dismissed." Who is going to decide whether or not he is to be dismissed?

Mr. COOTE: The man who employs him.

Hon. Mr. MALCOLM: The man who employed him is not satisfied, but immediately the question of this man's knowledge of the Grain Act and of grain comes into question, and whether he is working in the best interests of the public is also a question.

Mr. GARLAND: The operator has to function in the grading of wheat; but he does not have to satisfy the Board in the operation of the country elevator, nor would the Board have any power over him.

*By Hon. Mr. Malcolm:*

Q. I am told that there have been cases where a country elevator operator working for the Pool, has not in the opinion of the officers of the Pool operated the country elevator profitably, and they have dismissed him. The producers in that area liked the man and said he was operating in the interests of the producers. On appeal to the officers of the Pool the man has been reengaged.

Mr. GARDINER: That is not evidence.

Hon. Mr. MALCOLM: I know that, but we have to take hypothetical cases to consider what might arise. In a case of that kind, would the man go to his employer and say "I was right in the handling of this house;" or would he go to the Board and say, "Here you gave me a license and I have been dismissed by my employer because I was too generous in my grading."

[Mr. Leslie H. Boyd.]



Mr. GARLAND: Mr. Malcolm is the only person whom I have heard yet, suggesting that the Board should have any authority over the employment or dismissal of any such man. If I get out a license to practise as a legal practitioner, that does not give me any more authority than to practise law if I have the means and the clients. This Board can only give a man a license to operate an elevator in case he can get the job; and his own employer is the sole adjudicator. If the employer decides to dismiss the man, and if the producers in the district who were using the services of the employers' agent, say we are sorry you dismissed him, as he is a good man and we liked him, then if the employer reinstates the man, the Board has nothing to do with it. But if the Board says "No, he is too good a man and he must be kept on," then it is up to the Board, and the Board forces him to be kept.

Mr. Ross: The only condition which I can see where a condition such as is set up by Mr. Malcolm would obtain would be where the Board employs a man, and then no matter what his qualifications are he would have to stay on, as you mentioned awhile ago, Mr. Boyd, because he was appointed by the Civil Service Commission.

Mr. GARLAND: Mr. Chairman, I rise to a point of order. This is a serious matter. The hon. member has just made a statement which is not contained in the Act and which is not a matter of fact. The Civil Service Commission appointees have not a right to permanence of office and may be dismissed for cause at any time.

The CHAIRMAN: By whom?

*By Mr. Ross:*

Q. Mr. Boyd, you mentioned a while ago, that in the appointment of inspectors you would like to have the Board appoint the men, and not the Civil Service Commission. Now, in connection with that do you not think you would have much more efficient service under the Grain Act if the Board of Grain Commissioners were responsible for the appointment of all men in all your services, and set up your own examining board, provided of course that these men were given some opportunity for superannuation, the same as under the Board?—A. That is very important, because I know that the staffs under the Board—

Q. We are asking these questions to get the opinion of a man who has been Chairman of the Board of Grain Commissioners for several years, and we want from you your statement as to what you think should be done.—A. As I understand your question, Mr. Ross, you ask me whether in my opinion all the staffs under the Board should be appointed by the Board, without any interference from the Civil Service Commission?

Q. Yes.—A. Well, I have changed my mind once or twice, and almost three times. Sometimes I have felt that would be more efficient, if we had complete control. There is a condition existing to-day, in so far as the inspectors are concerned, that affects salaries; and the Civil Service Commission appoints the men. Our clerical staff are all appointed by the Civil Service Commission, and their salaries are fixed by schedules set out by them. To my mind we have been working fairly satisfactorily, more particularly as we have the control of the examination taken for the inspectors and for the weigh-men. As long as that examination is held under the supervision of men of knowledge, then I think that perhaps we are getting just as much results as we would if we were doing it ourselves. There would be great danger if the Board had the complete authority of appointments, of being pressed to put men into positions—I do not mean government interference or political interference; but you would be pressed by your friends around all the district, and the Board

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would have to simply set down a certain line of examination and say "Well, if you come and sit for your examination, if you pass you will get a position if one is vacant."

Q. Do you not think you could set an examining board who could do that more efficiently than a board sitting in Ottawa?—A. You know, Mr. Ross, this has been a very moot question with us for some years. At one time the staffs wanted to be relieved of the Civil Service Commission. I am not so sure now that they do, because they get lots of privileges; there is superannuation and other matters which they could not afford to miss now that they have been so long with the Board.

Q. And what about putting that in as a stipulation, that that should be retained?—A. I do not know that I could tell you that it would be bettered by taking it away. By doing that you might do something serious. I do not know that there is anything very seriously wrong in the way it is being done at the present time.

Hon. Mr. MALCOLM: This is a question which has to be decided by Parliament. So far as I am concerned, I do not think we are getting very far with our hearing this morning. As Minister, I would not want to make any recommendation to change the system of engaging our employees at the present time.

*By Mr. Vallance:*

Q. I have listened to a great deal of discussion on the hiring and licensing of operators, and I want to ask Mr. Boyd a question. Do you check up, as the Board of Grain Commissioners, each local elevator? That is do you go into his records and take the grain that he buys and get his outturn,—do you go that far?—A. We get certain reports weekly, monthly, and annually from him. We have printed forms, covering what he takes in, what he ships out and what he has outstanding. But we do that monthly and annually in each line or country elevator.

Q. Perhaps I have arrived unjustly at one conclusion from the discussion. It has all been in favour of the operator being acceptable to the company. Now there are two people interested in the handling of an elevator, and I think that if it is possible for your Commission in some manner to check up each country house, you might be in a position to say that a particular man should not operate that country elevator, because you are there looking after the interests of the trade, and of the producer; and if it is left entirely in the hands of the employer, the man must stay. But I would like to see the producer have some say or some check in some way on the men who are running these elevators, as it seems to me that the whole of the argument has been in favour of the owner of the elevator, giving no recognition at all to the man who is using the elevator.—A. If the Board licensed these men, I think it would be the duty of the Board to see that the man who got the license would be a man who would give the producer what he is entitled to.

*By Mr. Donnelly:*

Q. Do you not think that the Brown Commission in their report were of opinion that the Board should see that the man had the proper tickets, that he had the boxes and the locks for the boxes, and if they found the man not doing that they would take his license away from him because he was not living up to the Canada Grain Act; that is, is he was not living up to the Canada Grain Act by keeping the boxes and so on. That is the kind of thing that they had in mind?—A. Perhaps it was. At the same time, Mr. Garland read to me a moment ago a section which said we could dismiss the operator. Will you read it again, Mr. Garland?

[Mr. Leslie H. Boyd.]

Mr. GARLAND: It is section 167 of the Canada Grain Act, and it has nothing whatever to do with the Brown Commission's recommendations. This section says:

In case the Board finds the complaint and charge therein contained, or any part thereof, true, it shall give its decision in writing and shall at once serve a copy of such decision upon the person offending and against whom such complaint was made, and also serve a copy upon the owner of such country elevator; and the Board shall direct such owner to make proper redress to the person injured,

that is rather good. Did you ever hear of the Board making an order that the person injured should be redressed? The section goes on:

and may order the discharge of the offending operator, who shall not be engaged as manager or assistant in any country elevator for the period of one year from such discharge.

2. Upon the failure of such owner to give such proper redress and discharge such operator the Board may cancel the license of the country elevator.

3. In case any other country elevator employs an operator so discharged within the said period of one year the Board shall order the dismissal of such operator, and in case of refusal to comply with the request of the Board in this regard, the Board shall cancel the license of the said country elevator.

In short, the recommendations of the Brown Commission do not go to anything like the same extent as the Act now provides for, in case of complaints against the elevator. In other words it only says that the Board shall see that as far as they can see, the operators of country houses are as efficient men as possible.

The WITNESS: Yes.

*By Mr. Coote:*

Q. Just one other question occurs to me in connection with this point. Do you think that these men who are engaged as operators of country elevators should be able to add and subtract a number of figures representing the number of pounds weight of grain that might be in a wagon load?—A. I certainly do, Mr. Coote.

Q. Then if it was brought to your attention that there was a case in which a mistake was made in subtraction in over half of the tickets in one carload of wheat, you would refuse to give that man a license to operate any longer?—A. I would not think he was qualified to get one.

Mr. COOTE: I personally know of a case where a man who cannot add or subtract any better than that has held a license for fifteen years. In this particular case he was doing the man out of fifteen bushels of wheat.

*By Mr. Vallance:*

Q. What do you require of a man who wants a license to operate an elevator?—A. We have no control over them at all, except under this section.

Q. The elevator itself is licensed, and no man can go in and operate an elevator without a license?—A. All we do, Mr. Vallance, is that we make a list,—a line company files a list with us of all their country elevator agents; and that is all the authority we have over them. We have a list from each company showing who their agents are. But there is nothing in the Act which gives us any further authority to license them, than under that section.

[Mr. Leslie H. Boyd.]



*By Hon. Mr. Stewart:*

Q. Would you see any serious objection to the Board having the responsibility of providing an examination for all country elevator operators, a standard examination which would be held at convenient points, where men might go and take that examination, and a certificate issued by the Board to the individual if he passed that examination? Beyond that it seems to me that is simply a protection for the public that the man going into that elevator to operate it has some knowledge of the Act and would have the necessary requirements as set out by the Board in an examination paper; and that would be all. And after that, let the provisions of the Act remain and if he offends against the Act the Board dismisses him or refuses him a license. But in the case of a disagreement between him and his employer, I think the Board would have nothing to do with that. Do you see any harm to going to that length?—A. There is only one difficulty I see, and that is in the setting and holding of the examination and having these men coming from all these many thousands of points to pass the examination; but I do not suppose it is unsurmountable.

Q. The examination would be held by the individuals who were appointed in the provinces?—A. And you would have them pay a license fee?

Mr. GARLAND: And you would have an eligible list of unemployed licensed operators, in no time.

*By Mr. Young (Saskatoon):*

Q. It seems to me that if a company has a line of country elevators, there are two sides to be satisfied. One is the producer who brings the grain to the elevator, and the other is the elevator company. I think myself that the producer must have rights, and I am going to suggest this, that one of the values of having an inspector or various inspectors appointed is that when complaints come in the inspector could go, make an investigation, and then report to the Board; and then the Board would have the right, if thought proper, to cancel the license of the elevator, leaving to them the hiring of the individual; but you would have control in the interests of the producers, over the elevator. If we had such inspectors appointed, would we not find that a whole lot of these difficulties would disappear?

Hon. Mr. MALCOLM: The difficulty is, in the case of an operator, not working in the interests of the producer.

Mr. COOTE: I would request that Mr. Boyd be asked to give some thought to the changes, in the next few days. We do not want to hurry him or go into it in great detail, and that we be through with Mr. Boyd for the present, and that he come back in a day or so with his suggestions.

The WITNESS: Certainly.

The CHAIRMAN: Does the Committee wish to hear Mr. Snow this afternoon?

Mr. DONNELLY: Certainly.

The CHAIRMAN: Then we will adjourn until four o'clock this afternoon.

The witness retired.

The Committee adjourned until four o'clock this afternoon.

## AFTERNOON SESSION

The Committee resumed at 4 p.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Order, gentlemen. Mr. Snow, will you come forward?

MATTHEW SNOW called and sworn.

The CHAIRMAN: Gentlemen, Mr. Snow is a member of the Board of Grain Commissioners, I understand.

Mr. GARLAND (*Bow River*): Has Mr. Snow any statement to make.

The WITNESS: No, I do not know that I have any prepared statement to make, except that I would be glad to answer any questions or give any information I possibly can that might be of benefit to the Committee.

*By Mr. Garland (Bow River):*

Q. Mr. Snow, you heard a question put to Mr. Boyd this morning, suggesting to him that you and he had had many years of acute practical experience in the operation and administration of the Canada Grain Act?—A. Yes.

Q. Mr. Boyd was asked to state what changes were in his opinion advisable, especially with respect to the powers of the Board of Grain Commissioners?—A. Yes. As a matter of fact while I was before the Royal Inquiry Commission in Winnipeg, I prepared a list of suggestions and amendments to the Act, and left a copy with the Commission. I have a copy of that with me that I could leave with this Committee, if you so desire.

Q. Would you mind going over it, especially that section dealing with the powers of the Board?—A. As far as the question of giving powers to the Board is concerned, we had a report made to us by Mr. Fisher, our solicitor, whereby he propounded certain ideas of his that would better define the powers of the Board.

Q. Is Mr. Fisher one of the Board of Grain Commissioners?—A. No, he was our solicitor. He took the Act and gave us his ideas on it. His ideas, briefly, are, quoting certain sections of the Railway Act that he thinks would be applicable to the conferred powers upon the Grain Commission, that he thinks would meet the situation.

Q. You are giving Mr. Fisher's opinion; do you concur in it?—A. My own opinion is that there are certain powers in the Act, I think, without being able to quote the sections in the Act—

Q. Have you got them?—A. Well, now, would you like me to read this?

Q. I do not want to unduly embarrass or load up the witness in a case of this kind, but I thought I had made it fairly clear this morning that as far as I was concerned, and I think the Committee is in the same position, we are anxious to get the advice of the Board of Grain Commissioners as to how we can best improve the Act so as to provide them with the powers they now lack and should have. Surely one of the Commissioners can give us that information.

Hon. Mr. STEWART: Mr. Chairman, may I suggest that inasmuch as the Chairman is to furnish us with a written copy of what he would suggest as amendments to the Act, I presume not only so far as the powers of the Board are concerned, but in every other particular, and as both members are here, in order that we will not have a report that seems to be confusing perhaps, that they confer and give us a written document as to what in their opinion are amendments that will be beneficial in the administration of the Act.

Mr. GARLAND (*Bow River*): Do you suggest that the Board go into session now and draw up the amendments which they think will be acceptable?

Hon. Mr. STEWART: I would suggest that.

[Mr. Matthew Snow.]

Mr. GARLAND (*Bow River*): That is your suggestion.

Hon. Mr. STEWART: Yes.

Mr. GARLAND (*Bow River*): I understood this morning that Mr. Boyd had been studying the Act for two years and was pretty well prepared on it. Mr. Snow, I took it for granted would be in the same position. I have no objection to Honourable Mr. Stewart's suggestion, but I submit that so far neither of the witnesses has intimated that he was in a position to make any recommendations with regard to the powers of the Board. Mr. Snow has just stated that some written opinion on the part of an official, some lawyer attached to the Board is in his hands, but he has not said whether he or Mr. Boyd supported it or not. I do not know what their opinions are, and Mr. Fisher's opinions are not worth a hoot in blazes to us.

Hon. Mr. STEWART: That is just my opinion, Mr. Chairman. We are not concerned in any lengthy document prepared by the legal adviser of the Board. What I want—and I am not offering any suggestions as to what they should give us—but after the examination of the Chairman this morning, and his promise that he would furnish us with a written document giving what in his opinion would be beneficial amendments to the Act, I suggest that in view of the fact that both members are here, if we could get that combined in one document we would not have the confusion we might get in dealing with Mr. Fisher's statement.

Mr. GARLAND (*Bow River*): I am agreeable to the Hon. Mr. Stewart's suggestion but that involves delay until to-morrow. Let them make these suggested changes, and we can examine them on their recommendations and find out why they think they should be put through. It is useless for them to give a written opinion unless we can examine them as to why they put in these suggestions, and why they think they are necessary.

*By Mr. McMillan:*

Q. Do you accept that statement there as your suggestions to the Board?  
—A. You mean Mr. Fisher's proposals?

Q. Yes?—A. I have not had an opportunity to talk this matter over with Mr. Boyd. I only got Mr. Fisher's recommendations on Sunday. I only got back from the West Sunday morning, and had to leave for Ottawa Sunday night. Really I have not had time to study the matter. He only left it with me on Sunday. But Mr. Boyd and his secretary and myself started on that work this afternoon as soon as this Committee adjourned, and we did intend to prepare something along these lines. We could send it to you very soon, then you could discuss it and we could give any reasons we could give for having decided on it.

Hon. Mr. STEWART: The only reason I interject at all is this; we have a volume of evidence now which if we were to undertake to dissect and get it drafted into legislation would be a very difficult problem, Mr. Chairman, for this Committee. I as one member am not interested in what officials of the Board may suggest as to changes, but I am interested in what Mr. Snow and Mr. Boyd suggest, concretely, not in too much detail, but bearing directly on the particular and special sections of that Act that they think in their opinion need attention now. This Committee, if I may be permitted to say so, Mr. Chairman, is not going to be able this session to cure all the defects that are in the Canada Grain Act. But there are a few outstanding defects we ought to cure, and these are the ones we are practically interested in. I do not want to direct the evidence, or to suggest what the Chairman will advise,

[Mr. Matthew Snow.]



but I want, if I can, to get it home to the members of the Board not to touch too much ground, but just the things which they think in their opinion need adjustment, and why they need adjustment.

*By Mr. Gardiner:*

Q. A few months ago a member of the Board stated at a public meeting that it was impossible for the Board to enforce its own orders. If that is the opinion of one of the members of the Board, I suppose it is naturally the opinion of the three members of the Board. I should like to ask Mr. Snow if he can give us this afternoon the weaknesses of the Act as he has found it in his administration?—A. I hardly agree with a statement of that kind myself. I think in many ways the Board are able to carry out any regulations they might make, or any rules upon any questions that might arise.

Q. Can you enforce your orders; I am not speaking of regulations, I am speaking of orders of the Board?—A. I do not think I can recollect any instance. I do not think I can recollect any case that came up when we were not able to enforce our ruling. I cannot recollect any.

Q. Are you quite satisfied, Mr. Snow, that any order which is based upon the Canada Grain Act you can enforce without any trouble?—A. I do not know that, but I would like to say that there is nothing in my mind that I can think of of that kind that might arise in connection with the carrying out of the provisions of the Canada Grain Act that we could not enforce. I may be wrong in that. I do not know that anything has ever come up, that I have had anything to do with.

*By Mr. McMillan:*

Q. That you have not been able to enforce?—A. Yes. I will admit this much, that going through the Act, there are certain sections that give certain powers to the Grain Commissioners, and impose certain penalties; and our idea was that there could be a general clause put in the Act that would do away with these different clauses and would give the Board full authority to deal with any question that might arise in connection with the grain trade. We might have something drafted along that line, so that there could be no ambiguity about, and no question about the powers of the Board to enforce it and carry it out. I think that is what we would try to do, draft something along that line that we would submit to this Committee, so that they might clarify these sections where there might be some doubt about it.

*By Mr. Gardiner:*

Q. Can you point to some section in the present Act that it might be necessary to clarify, in order to carry out the purposes of the Act? Can you mention a section?

Mr. GARLAND: Mr. Chairman, may I suggest that if the Committee is going to receive these suggestions made by Mr. Stewart, some of this discussion may be unnecessary?

The CHAIRMAN: Yes.

Mr. GARLAND: I think we can cross-examine Mr. Boyd and Mr. Snow tomorrow on their own recommendations, and we would probably get a good deal further.

The WITNESS: I think we would be in a better position to give you clearer answers and a clearer exposition.

Mr. GARLAND: With all due deference to you, Mr. Snow, in your evidence, I feel that you yourself have had considerable misgivings as to your power to enforce your rulings. I am not cross-examining you on that, but I think that

[Mr. Matthew Snow.]

you and Mr. Boyd have found yourselves in difficulties from time to time. You may have successfully negotiated those difficulties by diplomatic means, or you may have just let them drop. Irrespective of that, I would like to see you insure that the Act now, in respect to the Board at least, shall be so clarified and strengthened that never again in Canada will we have a member of the Board of Grain Commissioners coming before a convention and stating that "I have no more power to enforce the rulings of the Board than any delegate present." I am not passing any criticism at this stage, but I am simply saying that you and Mr. Boyd should keep that in mind when you are drawing up your recommendations to present to the Committee to-morrow.

Mr. COOTE: Mr. Chairman, in view of what has happened in the House this afternoon, I would rather hesitate to see the Committee adjourn until to-morrow with the hope of receiving a report from the Board of Grain Commissioners. The motion in the House this afternoon was that after Monday the House sit in the mornings. It looks that if it might not take the House more than a week to conclude its business after they start morning sittings; and if there are to be any amendments in the Grain Act resulting from a report of this Committee, I think we will have to start to-morrow to draft a report for the Committee.

Personally I would like to receive the report from the two Commissioners, and it may be that we will have to adopt that anyway; but I do want to suggest to the Committee to carefully consider whether they cannot start to-morrow to draft their report; for I think it would be very unfortunate, to put the case mildly, if this House should adjourn without any amendment to the Canada Grain Act. The reason I mention this at present is because of what occurred in the House this afternoon and of reports which have appeared in the press that all amendments of the Grain Act would have to be deferred until the next session of Parliament.

Hon. Mr. MALCOLM: I was not aware that any such report had appeared in the press, but I want to assure Mr. Coote and the Committee that no such thought is in the minds of the government. It was our hope that after hearing the Board to-day and to-morrow the outline of changes in the Act which we had discussed in sub-Committee would be then easier of review in the light of the evidence of Mr. Steele and of the late witnesses and of the Board themselves. My thought was that after to-morrow the Sub-Committee could immediately get to work on all the evidence and make recommendations for amendments to the Grain Act at once, so that the report might be brought down next week.

Mr. ROSS: How long will it take Mr. Snow and Mr. Boyd to do the work of preparing their recommendations to the Committee?

The CHAIRMAN: That would depend upon how soon you release them.

Mr. GARLAND: I think they should be given a fair show. I deeply regret that the Commissioners, realizing why they were being called, have not already done that. But in spite of Mr. Coote's statements as to the dangers of delay, we will have to wait.

The CHAIRMAN: I think the House will have to wait. It seems to me that the best way to expedite the matter would be for us to adjourn at once.

Hon. Mr. MALCOLM: I have only one suggestion. I think the Committee might meet earlier, say at ten o'clock. I think all the members of the Committee know that Mr. Snow and Mr. Boyd have not met until this morning for a month. I would suggest that the Committee rise now, and that Mr. Rathbone, Mr. Boyd and Mr. Snow compare the notes which they have been preparing for some time, and bring their recommendations to the Committee to-morrow morning at ten o'clock.

The Committee adjourned until 10 a.m. to-morrow morning.

## HOUSE OF COMMONS,

WEDNESDAY, May 22, 1929.

The Select Standing Committee on Agriculture and Colonization met at 10.00 a.m., the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Order. Gentlemen, we adjourned yesterday in order to allow the Board of Grain Commissioners to prepare a statement of their recommendations; I will ask Mr. Boyd to present the statement to the Committee.

Mr. BOYD recalled:

Mr. Chairman, the Board has prepared a memorandum of suggestions which they want to submit to the Committee in regard to giving the Board more powers and probably consolidating certain powers. With the Committee's permission, I would ask that you will allow the secretary of the Board to read them out, and then I will endeavour to answer any questions in connection with them as he reads them out.

I might say generally, gentlemen, that there are certain recommendations which the Board is making relating to several sections in the Act. Under certain sections of the Act the Board can only make regulations and have them effective on the approval of the Governor in Council. The Board has found sometimes that it was very necessary to have immediate authority to pass regulations and put them into effect promptly; and the Board is suggesting that where the sections provide that the Board is authorized to make regulations but only to have them effective on approval of the Governor in Council, that the term Governor in Council be eliminated from the sections, and that the Board be given power to make these regulations and make them effective without having to submit them to Ottawa.

Mr. RATHBONE (Secretary of the Board of Grain Commissioners): The first amendment suggested is to section 5.

Mr. YOUNG (Saskatoon): Mr. Chairman, are there no copies of these suggestions available for the members of this Committee?

Hon. Mr. MALCOLM: No, there are no copies. I have a duplicate.

The WITNESS: Unfortunately gentlemen, we worked on these until after eleven o'clock last night, and we were only able to have these few copies finished last night. Perhaps the Secretary, as he deals with each suggestion, might read the section referred to.

Hon. Mr. STEWART: First let him read the section referred to.

The WITNESS: Yes.

The SECRETARY: Section 5 of the Act at the present time reads as follows:

The salaries and remuneration of the commissioners and the secretary and of all officers and employees, and all the expenses of the Board incidental to the carrying out of this Act, including all actual and reasonable travelling expenses, shall be paid monthly out of moneys provided by Parliament.

[Mr. Leslie H. Boyd.]



The suggestion is to change the word "Monthly" to "semi-monthly". I might say, Mr. Chairman, that representations had been made to the Board by the salaried men that they should be paid semi-monthly, instead of monthly; particularly the lower paid men, the men paid a small salary and the clerks at lower rates of pay. Owing to the conditions, and sales going on, they think they should be in a position to take advantage of these sales, and they have suggested to the Board that they should be paid every two weeks instead of monthly.

Hon. Mr. MOTHERWELL: Carried?

Mr. GARLAND: No, that might lead to confusion. I take it that we are hearing this for the purpose of gaining information, and not necessarily passing them now.

The SECRETARY: The next section is section 6. The present section reads as follows:

The head office of the Board shall be at the city of Fort William or Port Arthur; and the Governor in Council may on the recommendation of the Board from time to time establish offices of the Board at other places.

The suggestion of the Board is that this section be repealed, and that a section be substituted therefore to read as follows:

The head office of the Board shall be located at such place as the Board may decide, and the Board may from time to time establish offices of the Board at other places.

The CHAIRMAN: Next.

The SECRETARY: Section 13 reads as follows:

The Board may, with the approval of the Governor in Council, make regulations for and require the registration of terminal warehouse receipts and fix the fees therefor, and determine by whom they shall be payable.

It is suggested to strike out the words "With the approval of the Governor in Council" in section 13.

*By Mr. Garland:*

Q. Just a moment on that section. Have you found, Mr. Boyd, any case in which the responsibility assumed by the Board under that amended section might be embarrassing to the Minister? I am just asking by way of explanation.—A. I do not think so, Mr. Garland, there have been two or three instances where, if we had had authority ourselves to pass a regulation it would have been more promptly effective. I refer more particularly to three years ago, when the question of the drying of grain was a very serious one, and we had several conferences in Winnipeg with our chemist and the elevator companies as to what percentage grain should be dried down to; and we proceeded to pass regulations; and there was a doubt in the minds of some people as to whether we had the authority. So, to be very sure, we passed a regulation and had to send it on to Ottawa to get the approval. That necessitated the delay of several days. I cannot say that we have been embarrassed to any extent by having to submit our regulations to the Governor in Council.

In the case of tariffs in the terminals, we do not have to submit it; but in the country elevators' tariffs we have to submit it. There is an inconsistency there which I think should be straightened up.

[Mr. Leslie H. Boyd.]

The CHAIRMAN: Section 20.

The SECRETARY: Section 20 reads as follows:

The Board may, with the approval of the Governor in Council, make rules and regulations for the government, control, licensing, inspection and bonding of all elevators, and all other matters necessary to the proper carrying out of this Act.

It is suggested to amend that section by deleting the words "With the approval of the Governor in Council" and adding thereto the words "And may make rules and regulations for the handling of grain in any manner whatever."

Mr. BOYD: That addition is very important, gentlemen. If you read that section in the way it is worded to-day, it looks as if the powers of the Board were specifically set out there; and the Board feels that it should have power to pass regulations concerning every phase or possible movement of the handling of the crop.

The SECRETARY: Section 21 now reads as follows:—

Until otherwise ordered by the Board with the approval of the Governor in Council, there shall be two inspection divisions in Canada, as follows:—

and it refers them to the eastern inspection division and the western inspection division.

It is proposed to amend that section by taking out the words "With the approval of the Governor in Council."

*By Hon. Mr. Motherwell:*

Q. Is your idea that you may want to make more inspection divisions? How would that restriction embarrass you in the establishment of these two inspection divisions?

Mr. BOYD: I might say, in regard to the reference to the Governor in Council, that we have gone through the sections and suggest taking out that reference entirely. At the present time there is not any idea of establishing further inspection districts.

*By Mr. Garland:*

Q. Do you mean that there may be a confusion as to the control of your Board subsequently, which may arise where it would be a question as to whether the Minister or the Board is really the responsible person?—A. I would think, generally speaking, that the Board would be responsible to the Minister in all its actions, and more particularly so if this reference to the Governor in Council could be struck out of the sections. I think the Board would feel that it had more responsibility and would be very particular in passing regulations or in doing anything which in any way would reflect back on the Minister, because then the whole responsibility would be on the shoulders of the members of the Board.

Q. Take your proposed amendment to Section 20, "And may make rules and regulations for the handling of grain in any manner whatever." How do you interpret that?—A. In any manner whatever, so far as the handling of grain is concerned, in the administration of the Grain Act. We have been afraid sometimes that with the specific setting out of the authority of passing regulations, there might be some particular phase which would arise under which we might have no authority. We want specific authority so that no matter what new circumstances or conditions may arise we may pass regulations. All we ask is to make the clause general, so as to cover every phase possible in the handling of grain.

[Mr. Leslie H. Boyd.]

*By Hon. Mr. Stewart:*

Q. I see what you want. You are really taking higher powers than you want, under your wording there.—A. Well, we have suggested this, and it is for the Committee.

*By Mr. Garland:*

Q. Under your wording here, there is implied the possibility of legal responsibility in connection with the handling of grain?—A. I see what you mean, and the Committee will understand that, and they can make the powers within the scope of the Act.

*By Hon. Mr. Stewart:*

Q. That is all you want?—A. Yes.

The SECRETARY: Section 22 now reads as follows:—

The Board, with the approval of the Governor in Council, may establish inspection districts within any inspection division, and determine and vary the boundaries of such districts.

The amendment suggested by the Board reads as follows:—

The Board may establish inspection districts in any inspection division and may also if necessary determine and vary boundaries of such districts.

Mr. BOYD: I might explain that. Under the Act, in the way it reads, if we established a new inspection district, the way this section reads almost compels us to define the boundaries. It is a very difficult thing, if you create a new district, to start and demark the boundaries of that district. Where are you going to start, and where are you going to finish? And the Board thinks that if under certain circumstances they could not define it, they should not be forced to define its boundaries. I refer more particularly to Moose Jaw. It was very difficult, under that provision, to demark or set out the boundaries of that district. We would probably have the same trouble in connection with any other district which might be set up. The Board thinks that they should have this power in the Act.

*By Mr. Coote:*

Q. For instance, where are you going to have the boundaries of the Calgary district?—A. The only way you could do would be by the limit set out by the city of Calgary, if you are going to get any boundary at all; but it would be very difficult to stop. You might stop at a particular point, and there might be a producer just a few feet away from that point. Where to begin and where to finish would be difficult to know.

*By Mr. Garland:*

Q. You have never attempted to do it yet?—A. No.

Hon. Mr. MALCOLM: No, it has never been done.

*By Mr. Coote:*

Q. Would you mind reading the suggested amended section again?

The SECRETARY: "The Board may establish inspection districts in any inspection division and may also if necessary determine and vary the boundaries of such districts."

Hon. Mr. MALCOLM: They may, if necessary,—I think that is very much better.



*By Mr. Garland:*

Q. This gives the Board a particularly wide power, a power which has formerly been vested in the Governor in Council and has rarely, if ever, been exercised without reference to the House,—inspection divisions.

Mr. Boyd: No, it is districts, not divisions. Take Saskatoon, for instance, and it is quite possible that with the movement to Hudson Bay you may want a new district there.

*By Mr. Millar:*

Q. At present, how many districts are there?—A. We have only created one district, and that is Moose Jaw. There are inspection points at Calgary and Edmonton, but those were created for the reason that Government elevators were there and inspection was necessary. But as to districts, the only one we have created, to my knowledge, is that at Moose Jaw.

*By Mr. Garland:*

Q. What is the distinction between a district and a point?—A. As far as I am concerned, I have never seen any difference between an inspection point and a district; but the section was in the Act.

Q. So that virtually you are asking for power to establish an inspection point?—A. Yes, really.

Q. That is a pretty wide power. Formerly they must go to the Governor in Council and Parliament.

*By Mr. Young (Saskatoon):*

Q. Why do you put the later part of that in?—A. For the reason, Dr. Young, as I stated a moment ago, it is very difficult to define the boundaries of districts.

Q. If you do not add the last few words, would it not be better?—A. But there might be some cases where it would be advisable to define boundaries. If you give the Board power so that it may define boundaries, that would be covered.

*By Hon. Mr. Stewart:*

Q. Can you give us any reason why it would be advantageous to define boundaries?—A. I do not know, any more than what we have at Calgary and Edmonton; and the section was there and we were faced with that difficulty in relation to Moose Jaw, and I want to get away from that trouble, if we might vary that. I cannot give you any reason, because I have not been able to find any, but the section is there, and we can either—

Hon. Mr. MALCOLM: Delete it altogether.

The WITNESS: Yes, or I do not think there is any harm in leaving it there, if you accept the suggestion of the Board. It has been worked out so far.

*By Hon. Mr. Stewart:*

Q. I thought perhaps there might be some reason, but you cannot think of any.—A. No.

*By Mr. Millar:*

Q. Are both those terms which are used in the Act interchangeable—inspection point and inspection district?—A. I do not know whether they are interchangeable, but as a matter of fact, if you read the Act, generally, they both mean the same thing. If you have an inspection point it means an inspection point in a certain district. I do not know why it was put there.

[Mr. Leslie H. Boyd.]

*By Mr. Young (Saskatoon):*

Q. When you say you may define the boundaries, that presupposes that there are boundaries?—A. I do not know, Dr. Young. If the Committee thinks it well to strike it out, it will suit the Board.

*By Mr. Glen:*

Q. But, Mr. Boyd, if you do not put in the last clause, you cannot vary it at all?—A. No, you cannot vary something which does not exist.

Q. If you do establish an inspection point, you will have no authority, without those words, to establish its boundaries?—A. It is the boundaries of the district. Honestly I do not think there is very much to this anyway.

Hon. Mr. STEWART: All I was anxious about was to get any argument there might be in favour of having boundaries at all.

The CHAIRMAN: I hope, gentlemen, you will not discuss these sections at too great length.

The SECRETARY: Section 24, reads as follows. (Reads same):

It is proposed to amend that section to read as follows:

(2) The Chief Inspector or Grain Inspector in charge of any inspection point, or the Secretary, shall have power to suspend any inspector, deputy inspector or other employee for cause.

Mr. BOYD: In explanation of that section, gentlemen, in accordance with the way the section now reads, the Chief Inspector is the only one who has authority to dismiss. We have inspectors at Fort William, Vancouver, Montreal, and so on, and in accordance with the way in which this section now reads, only the Chief Inspector can suspend. We think the inspector at the particular point should have that authority, as well as the Chief Inspector; because it has happened that some of our own staff should be suspended, and in that case the secretary of the Board should have that authority.

*By Mr. Millar:*

Q. And the Board takes the responsibility?—A. Oh yes. I might say, right here, gentlemen, that so far as the secretary is concerned, he is not only the secretary of the Board but he is really the general manager of all the staff of our different departments. He has his finger on the pulse of every division and every branch that we have, and he knows the staff, and he handles the staff of the Civil Service, so that he must be the man and he must say whether a man is or is not to be suspended. He naturally refers it to the Board.

*By Mr. Coote:*

Q. Should it not be the Board, really?

Hon. Mr. MALCOLM: The Board is the one who knows.

Mr. GARLAND: The Board has the powers, and should it not be done by regulation?

Hon. Mr. MALCOLM: I do not think there should be any mention of any particular person who has the authority to dismiss a man. I think that is the Board's business.

Mr. GARLAND: I think the Board might delegate the authority to any of its inspectors or men, without mentioning the man in the Act.

Hon. Mr. MALCOLM: That is the same thing.

*By Mr. Glen:*

Q. What is meant by "Duly qualified persons"?—A. Duly qualified persons under the Civil Service Regulations.

*By the Chairman:*

Q. Do you propose striking that out?—A. Oh no.

Hon. Mr. STEWART: This is rather important, from this standpoint, that if we fix by statute what should be done by regulation, we are only handicapping the activities of the Board. We propose to make the Board responsible for the operation of the Grain Act; and so far as I am concerned, I am not very fond of embodying in the statute what should be done by a regulation made by the Board itself.

An Hon. MEMBER: I think that principle is well established; but, Mr. Stewart, the only problem is that if you do not put it in the Act the only person who can dismiss anyone would be the person who makes the appointment, and that might be the Civil Service Board.

Hon. Mr. STEWART: I am not suggesting interfering with the Civil Service Board at all, but I suggest that instead of saying that the Deputy Inspector or any other officer of the Board shall have power to dismiss, it should be provided that that should be within the powers of the Board, to be delegated by regulations; and let them do that.

Mr. RATHBONE (Secretary): Gentlemen, it has occurred very often that the Inspector in Charge at Fort William (Mr. Symes), whom you have all met, may have had cause to suspend an inspector or a sampler; but under the wording of the statute, the Chief Inspector is the only one who has the power to suspend.

Hon. Mr. STEWART: What I am suggesting is that if the Act is specific as to who may suspend, or who should not, it might result in difficulties; and that should be taken out of the Act, and it should be left to be governed by regulations made by the Board.

Mr. YOUNG (Saskatoon): The Act is only weakened by mentioning these specific things.

The SECRETARY: Section 29 of the Act reads as follows: (Reads same): It is suggested to add to that section the following words:

The premiums assessed for such security shall be paid by the Board.

Mr. BOYD: We are just suggesting that the Board should pay the premiums on the bonds which we exact to-day from them.

*By Mr. Garland:*

Q. What is done to-day?—A. They have to pay their own premiums.

Hon. Mr. MALCOLM: They are appointed officers.

Mr. GARLAND (Bow River): Pass on.

Mr. RATHBONE: Section 30 reads as follows—(Reading):

In the event of the death, resignation, absence or inability to act, dismissal or suspension of any inspector, his senior deputy inspector shall perform all the duties of the inspector until his successor is appointed, or until such absence, inability or suspension ceases.

It is proposed to take out the word "senior" in the third line of Section 30, and substitute the words "the Grain Inspector appointed by the Chief Inspector".

Mr. BOYD: The explanation of that is, that on certain occasions the Chief Inspector might select another man than the senior officer to succeed the man who had just died or had been dismissed, and he wants to have the power to put in the man he thinks best, for the time being.

Mr. COOTE: We had better leave this section out.

[Mr. Leslie H. Boyd.]



Mr. BOYD: Would it not be better if the next man would move up?

Mr. COOTE: The Board's regulations could provide for the appointment of any one they liked.

Mr. BOYD: They can do that by regulation.

Mr. RATHBONE: No. 34—(Reads):

No inspecting officer shall inspect grain being laden or about to be laden, on vessels or cars after dark or in wet weather except on receipt, personally, or through the office of the chief inspector, of an application from the owner or possessor of the grain or his authorized agent, written upon one of the printed forms furnished by the Board and signed by such owner or his authorized agent, relieving him, the inspecting officer, from responsibility for damage which may be caused by such wet weather, or darkness, or for loss arising from errors liable to occur in an inspection under such circumstances.

I do not think it is necessary to read any farther. It is proposed to add to the words "chief inspector" in the fourth line, the following words "or the office of the inspector in charge". It now states that the application shall go through the office of the chief inspector. It is impracticable to carry that out; it is impossible to meet it. That application must be made to the office of the chief inspector. The Board is now suggesting that it be amended to give authority to the other inspector.

Mr. BOYD: At the point where the boats are being loaded.

Hon. Mr. MALCOLM: It is always an emergency decision?

Mr. BOYD: Yes, always an emergency decision.

Hon. Mr. MALCOLM: It can only be brought out of an emergency, by getting in touch with Mr. Fraser, who might be in Montreal.

Mr. BOYD: It arises just before the close of navigation, when you might have rain or snow. The inspector might decline. We want the officer in charge of the loading point to have authority.

Mr. GARLAND (Bow River): As a matter of fact, at the present time does not the chief inspector sign these in blank and sent them out?

Mr. ROSS (Moose Jaw): Mr. Boyd, is the inspection on the certificate final given on dark days?

Mr. BOYD: If the release is signed, what Mr. Ross asks is, as I understand it, if the grain is loaded during wet or snow weather, or after dark, he will not give that certificate until he gets a release for grain coming in under these conditions.

Mr. ROSS (Moose Jaw): Suppose he grades down one grade, is he released by that certificate, when he takes that cargo of grain finally?

Mr. BOYD: Yes.

Mr. RATHBONE: (Reading):

36. Every inspector of grain shall keep a proper book or books in which he shall enter an account of all grain inspected and the amount paid for such inspection.

It is proposed to strike out the last words in that section after the word "inspected" in the second and third lines thereof. The Board does not feel that it is necessary to keep a record of the amount paid for each inspection.

Mr. GARLAND (Bow River): Why not?

Mr. BOYD: We already keep it, but not for every individual inspector. We have a record of that in our accounting department.

Hon. Mr. MALCOLM: What do you propose to do, eliminate all the words after "inspected"?

Mr. RATHBONE: Yes, sir.

Mr. GARLAND (*Bow River*): So long as we understand that there is no danger of confusion.

Mr. BOYD: There is none whatever, because our records are carried right through our accounting department.

Mr. RATHBONE: The next is Section 45 (reads section):

The Board, with the approval of the Governor in Council, may make by-laws for any grain survey board for the better carrying out of its business and for the establishment of a tariff of fees for survey purposes.

It is proposed to strike out the words "with the approval of the Governor in Council".

Mr. RATHBONE: No. 46 (reads section). It is also proposed to strike out the words "with the approval of the Governor in Council".

Mr. GARLAND (*Bow River*): We need not discuss that now.

Hon. Mr. MALCOLM: The fact is, why should the Board have to prescribe a certain form of oath, which undoubtedly would be a proper form of oath, and then send it forward to Ottawa to have it approved of? The whole thing is absurd.

Mr. GARLAND (*Bow River*): We had better discuss the whole of it afterwards.

Mr. RATHBONE: Section 51 is next (reads section). It is proposed to repeal this section and substitute the following:

The Board may fix, vary, increase or reduce the fees for the inspection, weighing or for any services rendered in the handling of grain.

Striking out the words "with the approval of the Governor in Council".

Mr. GARLAND (*Bow River*): Do you strike out the words "the fees for the weighing of grain"?

Mr. RATHBONE: It is all included in that section: "The Board may fix, vary, increase or reduce the fees for the inspection, weighing or for any services rendered in the handling of grain."

Mr. BOYD: It is not changed except in the cost of services to grain. We have at the present time a department at Winnipeg for the purpose of examining all cars coming into Winnipeg, to see if there are any leaks. They keep a record of them, and we have a diagram of all that, which keeps track of leaky cars and so forth. At the present time we have a staff, and there is a notation made in the diagram, at the point where the leak is. We propose to make a charge for that. We keep an absolute record of it in our office, and when anybody wants to know about a freight car, we want to charge 25 or 50 cents for that service. It is claimed that we have no authority for doing that, and we want authority to do it, to make a charge for that, for giving a real service.

Hon. Mr. MALCOLM: Mr. Boyd, I think when it comes to a matter of fees it should be left to the Governor in Council. These are things I think that should have the approval of the Minister. I am very strongly in favour of such things as approving the form of oath without sending it to Ottawa but I think the question of fees should be left to the Governor in Council.

Mr. BOYD: I think you are right, Mr. Malcolm.

[Mr. Leslie H. Boyd.]

Mr. RATHBONE: The next Section 54 (reads section). It is proposed to add to that section two subsections, to read as follows; the first subsection would be:—

(2) All officers should be appointed only from among duly qualified persons.

and the second subsection would be:—

(3) The chief weighmaster or weighmaster shall have power to suspend any grain weighman, assistant grain weighman or other employee for cause.

Mr. GARLAND (*Bow River*): Subsection 2, it surely must be assumed in every case that the inspector or the Board would not appoint anybody who was not qualified?

Mr. RATHBONE: That is true.

Mr. GARLAND (*Bow River*): What is the necessity for No. 2.

Mr. BOYD: Well, at the present time, it is made by law, under the Civil Service Commission.

Mr. GARLAND (*Bow River*): The effect of No. 2 would be to place it in your hands instead of in the hands of the Civil Service Commission?

Mr. BOYD: No, because there is no provision made as there is for the appointment of a grain inspector.

Mr. GARLAND (*Bow River*): Why do you have it there then?

Hon. Mr. MALCOLM: Go back to No. 24 and you will find it, Mr. Garland. 54 and 24 could be included in one, and could be covered as Mr. Stewart suggests.

Mr. GARLAND (*Bow River*): All right, let it go at that.

Mr. RATHBONE: No. 55 (reads section). It is suggested that the premiums charged for the bond should be paid by the Board.

Hon. Mr. MALCOLM: That can be included in the other.

Mr. RATHBONE: The next is 79 (reads section). The Board recommends that the word "Board" in the last line of sub-section 2 of that section be struck out and that you insert the words "National Research Council". In other words, the Board proposes to transfer the control and supervision of the laboratory to the National Research Council, and in subsection 3, instead of saying they shall be appointed in the manner authorized by law, the appointment shall be made by the National Research Council.

Mr. BOYD: The Board suggests this, Mr. Chairman, for the reason that the members of the Board are not technical men, and the Board feels that in order that that laboratory shall be working efficiently the chemist should be responsible to a set of technical men, such as the National Research Council is composed of. We believe the National Research Council and the Board can work very well together and harmoniously, in so far as any work is concerned, for the fixing of standards for milling and baking tests and other matters, more directly in connection with the operation of the Grain Act, and the Board feels that you will get better results from your laboratory by having the laboratory directly responsible to the National Research Council.

Mr. ROSS (*Moose Jaw*): Is the National Research Council fully responsible to the Minister in the same sense that the Board is?

Hon. Mr. MALCOLM: I might say that on the National Research Council we have all departments of the Government represented. Suppose Dr. Birchard had a problem he wanted a decision on, or if the National Research Council wanted a decision, Dr. Grisdale is on the Research Council. The Research



Council ties the work of the laboratory at Winnipeg in with the various departments at Ottawa, all of whom are interested, and if the Research Council decides a matter it is safe to assume that all considerations which affect any of the various departments at Ottawa will receive attention. At the present time, the Board is not familiar and cannot be familiar with the Department of Trade and Commerce, just as other departments might not be familiar with problems in the grading of grain. Doctor Birchard should of necessity work through Dr. Grisdale and through the Department of Agriculture. Unless you divide the authority in some way so that Dr. Birchard shall consult with Dr. Grisdale on one problem and with Dr. Tory on another, I do not know how you are going to avoid trouble. Now, the National Research Council, while its moneys are voted by the Department of Trade and Commerce—Dr. Grisdale is a member of it—I do not know if any other body to which you could appoint Dr. Birchard and which should be responsible unless it is the National Research Council. That is why I think it should be this way.

Mr. COOTE: I think this should be left over for further discussion, because we are not going to decide it now.

Mr. Ross (*Moose Jaw*): I think if it is to be turned over to the National Research Council, it should be put in that the National Research Council should make any investigation that the Board authorizes.

The CHAIRMAN: We will take that up later.

Mr. RATHBONE: Sub-section 3 of Section 91 reads: (reading sub-section 3). It is proposed to take out the words "with the approval of the Governor in Council" in that sub-section.

Mr. BOYD: That will come under the same general discussion.

Mr. GARLAND (*Bow River*): Next.

Mr. RATHBONE: Section 110 (reads section). It is proposed to strike out the words in that case "with the approval of the Governor in Council".

Mr. GARLAND (*Bow River*): Just on that question, is this not in the same category as the setting up of fees, in the responsibility for overages and shortages of grain?

Mr. BOYD: We think that the section is not of much value now, for the reason that all these shortages and overages are taken care of by the outturn insurance between the elevators and the insurance companies. That is all taken care of by the owners of the grain and the elevators.

Hon. Mr. MALCOLM: The section could really be deleted.

The CHAIRMAN: Next.

Mr. RATHBONE: Subsection 6 of Section 116 (Reads). It is proposed by the Board that that section should be amended by striking out the words "the opening of navigation", and substituting therefor the words "granting a license". It would read in this way then:

The Board may in the case of any such elevator, before granting a license, fix periods of time in any year during which the elevator may be relieved from the obligation to receive such grain for storage; and notice of such action of the Board shall be posted forthwith in all the grain exchanges in Canada.

Hon. Mr. MALCOLM: It would be more practicable.

Mr. BOYD: At the opening of navigation. No elevator owner knows what space he requires for his milling requirements—he will not in the East. It does not seem right to take it out in the middle of the year.

Hon. Mr. MALCOLM: Before making or giving the license; that is the time they should do it.

[Mr. Leslie H. Boyd.]

Mr. RATHBONE: The next is Section 129 (Reads). The Board suggests that that section be repealed and the following substituted:

The rates charged for storage, cleaning, drying and fire insurance of grain, including the cost of receiving, handling and delivering, shall be subject to the approval of the Board and shall be further subject to such regulations or reductions as the Board may provide.

Mr. BOYD: That is again the Governor in Council.

Hon. Mr. MALCOLM: That is a question of fees. I think the Governor in Council should be in on that.

Mr. RATHBONE: No. 140. This also refers to the Governor in Council, relating to private elevators.

Mr. GARLAND (*Bow River*): You had better read it.

Mr. RATHBONE: (Reads Section 140) down to "such regulations as may be made by the Board as aforesaid:"

Hon. Mr. MALCOLM: That is one of the sections we will be discussing.

The CHAIRMAN: Next.

Mr. RATHBONE: The next is No. 147 (reading Clause 1). That is the same recommendation, that the words "with the approval of the Governor in Council" be struck out.

Hon. Mr. MALCOLM: Insofar as fees are concerned, I think the approval of the Governor in Council should be obtained.

Mr. GARLAND (*Bow River*): Mr. Boyd, would you have any objection to have the insertion in that clause of these words, "and necessary rules and regulations for Government inspection and control."

Mr. BOYD: None at all. The fuller you make it the more it will help.

Mr. RATHBONE: No. 157 is the next. Subsection 3 reads as follows (Reading subsection 3). It is proposed to strike out the words "approved by the Governor in Council" in that case.

No. 170 refers to the form of ticket, and subsection No. 3 says (Reads subsection).

Hon. Mr. MALCOLM: What exception would you cite as an illustration for this last portion of No. 3? Have you ever had an occasion where a line elevator was outside the Western Inspection Division?

Mr. BOYD: No.

Hon. Mr. MALCOLM: Why is it there?

Mr. BOYD: It has been there ever since 1912, and probably before that.

Hon. Mr. MALCOLM: I have been reading this, and I could not find out why subsection 3 was necessary.

Mr. GARLAND (*Bow River*): What forms are you referring to in this section on grain tickets? All forms?

Mr. BOYD: Yes.

Hon. Mr. MALCOLM: I do not know why anybody should have the right to vary the form. I have marked it in my own book as "delete." Do you know any reason for it being there?

Mr. BOYD: No.

Mr. GARLAND (*Bow River*): Do you not think it would be advisable to provide by statute a ticket covering the various forms of grain in special bins?

Mr. BOYD: Yes, and that it should be controlled by the Board and printed by the Government.

Mr. GARLAND (*Bow River*): But once they are established by the Act, they should not be changed except by the Act.

Hon. Mr. STEWART: Let us go easy on that.

Mr. BOYD: It is possible that you might want to vary the ticket during the crop season, but I think it should not be done without the approval of the Governor in Council.

Hon. Mr. STEWART: But do not make your tickets statutory, so that you cannot change it until the next meeting of Parliament.

Mr. BOYD: I think you are protected, but if it is to be changed it can be changed with the approval of the Governor in Council.

Hon. Mr. MALCOLM: I think this is an important matter for elevators outside the western division.

Mr. BOYD: That would refer more particularly to Duluth and West Superior. Those are the only elevators outside the Western Inspection Division. That was put in when grain moved to a considerable extent south. Now, with a 42-cent duty on it, very little wheat goes down that way, except that of farmers down near the line. It goes in bond and down the Lakes. Apart from that, I do not see any necessity for it.

Mr. MILLAR: Have you an inspector there?

Mr. BOYD: Yes, at West Superior.

Mr. RATHBONE: I think it would be very unwise to do away with that section, insofar as the Board through the Governor in Council is being given power to change the form, for the reason that the Pool some two years ago asked for a special form of ticket to be approved, for the purpose of facilitating the handling of Pool grain. It is the Pool cash ticket I refer to.

Hon. Mr. MALCOLM: What sort of cash ticket do they require which was not provided for in the Act.

Mr. RATHBONE: It was some simple thing. I do not remember it.

Mr. GARLAND (*Bow River*): Would it not have the word "Pool" printed on it?

Mr. RATHBONE: It would have the word "Pool."

Mr. GARLAND (*Bow River*): There was no real change in the form of the ticket?

Mr. RATHBONE: No. My point is that if you fix it by statute you could not change it until Parliament met the next year.

Mr. BOYD: The Pool wanted to be sure that what they put on the ticket was not contrary to the Statute, and they asked our approval of it.

Mr. RATHBONE: With regard to the forms for cleaning Mr. Snow will have something to say about this question of cleaning grain in the country elevators.

Mr. SNOW: The Manitoba Pool has asked several times that they should be allowed to take any farmer's grain and clean it, and at the same time issue tickets that would be binning tickets, after the grain had been cleaned and stored, saying that the grain had been cleaned in that way. A farmer delivering a wagon-load of grain to an elevator now is given a ticket showing the weight, showing the deductions, the dockage and all that. The grain in the country elevator should be cleaned in the way the Pool wants it, in other words it should be cleaned in carload lots instead of wagon-loads. There is no way that you can allow the Pool to do that under the Act, although there is no question in my mind that that should be done. If a farmer wants his grain cleaned, and he has stored a quantity, he should clean it all at once instead of cleaning individual



loads. It is not an economical thing for the elevator, and very often it is not very convenient for the elevator at a particular time.

Mr. GARLAND (*Bow River*): The Pool wanted you to make provisions for cleaning wagon-load lots?

Mr. SNOW: No. The farmer was coming in with a wagon-load of grain to a Pool elevator, and wanted that grain cleaned. Under the provisions of to-day every individual load has to be cleaned. It is cleaned and then stored, showing the dockage charges. Instead of that the farmer of the Pool would like to put the grain in carload lots, and after the grain is all received at the elevator and cleaned in carload lots, he be given a ticket showing the difference between the gross weight when the grain was received and the net weight when the grain is cleaned. At the present time we cannot give them that authority.

Mr. BOYD: As a matter of fact, I might add to what Mr. Snow says, that in discussing this more particularly with the Manitoba Pool, who made the request to us, I said that they had better consult with Saskatchewan and Alberta, so that it could be made unanimous in respect of the three pools. For that reason I have not yet seen a form of ticket provided, which was acceptable to them. Have you, Mr. Snow?

Mr. SNOW: No.

Mr. BOYD: For that reason it would be advisable to have that authority approving the ticket, besides the approval of the Governor in Council.

Mr. GARLAND (*Bow River*): I have no recollection of the Manitoba Pool delegates making any such request, and I have not heard of any person making any such recommendation to the Pool.

Mr. SNOW: Neither the Manitoba nor any pool brought it up before the Committee. I know several times they made a request to me; they came to me several times, spoke to me, and asked that I should give them liberty to do it.

Hon. Mr. MALCOLM: They thought you had the right to do that under Section 170?

Mr. BOYD: Yes. It is a question of drawing up a ticket which would be acceptable.

Mr. SNOW: I did not feel like giving that authority to a farmer who got a ticket, and then found it should be a very heavy dockage or deduction, when he had to leave it to the elevator to decide what the dockage should be.

Mr. MILLAR: Would that mean a different form of wagon-load tickets?

Mr. SNOW: No. It simply means that when the farmer delivered his load he got a ticket which showed only his gross weight. Later on, when his grain was cleaned and weighed, these tickets were surrendered and he got a ticket showing exactly the net weight of his cleaned grain.

That would be a different form of wagon-load ticket.

Hon. Mr. MALCOLM: It was a temporary ticket, first, which was eventually surrendered for the final ticket with the net weight of clean grain shown thereon.

Mr. BROWN: What I have in mind is one of my neighbors taking the ticket into the elevator and getting his proper ticket latter on. It seems that there might be some easy way of meeting the request, because, as Mr. Snow says, it is the most economical way of handling the grain that can be worked out.

Mr. BOYD: I think the Manitoba Pools have cleaners in most of their elevators, and they want to do this cleaning at the country points.

Mr. BROWN: I know that one of my neighbors has brought to my attention where he has had this done.

[Mr. Leslie H. Boyd.]

Hon. Mr. STEWART: It was my experience in the local elevator that when the rush of grain is on, it hinders you very much if you have to do the cleaning then. You can do it at night much more cheaply than by doing it in the daytime. I was a sinner in that very regard, and I did not know I was doing anything wrong.

Hon. Mr. MALCOLM: The form of the ticket, as prescribed by the Act, is the form of ticket which is supposed to be adhered to. Now, if the Board are to have the authority to issue new tickets to meet the emergency, such as suggested by Mr. Snow, and the Governor-in-Council is to approve of these forms of tickets, how can you expect the Governor-in-Council to be familiar with all the emergencies which may arise? What I am desirous of is that the Act should set out the form of ticket. If a new condition should arise, then we should state in the Act that some form of temporary ticket may be issued to be surrendered when the quality of the grain is known. I do not think the Governor-in-Council should have anything to do with it. I think all tickets should be statutory, and should not be varied by the Board at all. Let us have the condition discussed.

The SECRETARY: Section 202 now reads as follows: (Reads same).

The Board proposes to amend this section by striking out the words "With the approval of the Governor-in-Council".

Hon. Mr. MALCOLM: Why should the Governor-in-Council approve those rates? Is that not the case of a bargain?

The SECRETARY: We do not do anything with it at the present time.

*By Hon. Mr. Malcolm:*

Q. Will you let us have a further explanation of Section 202?

Mr. BOYD: We do not do that, and I think it really should not be there.

Q. I have it marked in my copy that it is to be deleted, because it is not used in practice.—A. No, it is not.

*By Mr. Millar:*

Q. Is not that all regulated by the Grain Exchange?

Hon. Mr. MALCOLM: Yes, and I do not see why it is in the Canada Grain Act at all.

Mr. GARLAND: I am not so sure.

Hon. Mr. MALCOLM: Let us have a little explanation while we have the members of the Board before us.

*By Mr. Garland:*

Q. Do you not think it possible that certain conditions may arise, take for example, a war, taking an extraordinary case, in which there was a temptation and a possibility of the Exchange agreeing to exact higher rates than they were justified in asking.—A. Well, I suppose that is within the bounds of possibility, Mr. Garland. The section has been there, but we have never exercised it, and have never had occasion to exercise it. It has never hurt anybody, and it might be of some use some day.

Q. If the section is left in, and you decided in your good judgment as a Board that the rates charged were too high or too low, would you have the power, even without it being in the Act, to order a reduction or an increase, as the case may be, in the rates?—A. That is a very questionable point, whether we would have the power. There are certain matters in this Act which the Board has no authority to act on.

*By Hon. Mr. Malcolm:*

Q. It might be a matter of private bargaining?—A. Yes, certain matters, with which it is not within the purview of the Board to deal.

*By Mr. Millar:*

Q. Supposing this were struck out and the Grain Exchange doubled the rates on grain to-morrow, you would be helpless to prevent it. It is taken off, whether there is a commission merchant or not?—A. No.

Hon. Mr. MALCOLM: It is only a case where the farmer makes a private bargain with somebody to sell his grain for him.

Hon. Mr. STEWART: Remember, this is public service, and if a Board have not the authority to regulate the rates charged by commission merchants, then my candid opinion is that they should have. This Canada Grain Act is for the purpose of protecting the producer, as the commission men and the men who are handling the grain will take care of themselves. A farmer has no choice in this matter, he has to select someone who is in the commission business and ship his grain to him, unless he deals with someone he knows locally.

Hon. Mr. MALCOLM: Supposing he is a Pool member?

Hon. Mr. STEWART: I am not dealing with that case. But there is a great body of farmers who still ship their grain independently of anybody else. If you fix elevator charges to the trade, and you are doing that, I do not see any reason why you should not fix the charges which the farmer is charged for selling his grain through a commission house.

*By Mr. Millar:*

Q. Do not all have to pay?—A. If they are members of the Grain Exchange.

*By Hon. Mr. Malcolm:*

Q. If he sells to a line elevator, he sells to them?—A. Yes, that is right.

*By Mr. Ross:*

Q. There is no way of selling grain unless you pay that cent a bushel?—A. Not if you sell through the regular channels,—not unless someone buys direct from a farmer.

*By Hon. Mr. Malcolm:*

Q. In your direct sale, there is no commission?—A. No.

Mr. GARLAND: But the direct sales are infinitesimal?

*By Hon. Mr. Malcolm:*

Q. If a farmer sells his grain directly to a commission house?—A. Then under the rules that commission is charged against the price he gets.

Q. In the case suggested, where a farmer sells to a mill, he does not pay a commission?

Mr. COOTE: The mills have a line of elevators.

Mr. GARLAND: I know a case where men sell directly over the loading platform, and I think they are the only persons who do not pay a commission.

Mr. ROSS: I would like to see that proved.

Mr. GARLAND: In almost every case there is a premium of one or two cents a bushel over the market price for the grade that the man is selling that day; so that the farmer at least believes he is not being stuck that cent a bushel.

Hon. Mr. MOTHERWELL: My recollection, Mr. Chairman, was that this section was put in at the instance of some of the farmers or commercial bodies. I believe it was through the farmers or the U. G. G. They had no recourse. Sometimes the organizations cut the commission in two and made their profits in some other way. It is a fact that this sort of control is found necessary in the live stock business also.

[Mr. Leslie H. Boyd.]



Mr. SNOW: A farmer loads a carload of grain and sells it on the track. The track price is fixed less one cent a bushel commission. If he sells to a mill, as a rule the bid is less one cent a bushel. If he sends it to a commission man he is charged one cent a bushel. As a matter of fact, all grain handled to-day outside of the Pools, practically, pays one cent a bushel commission. There is no question about that. It hardly matters how he handles it, as to whether you have any power to fix the fee which the Commission man may charge for taking a certain amount of business, I do not know. That is a legal question. But as a matter of fact, no matter how you sell grain, as long as you sell it in cargo lots there is a cent a bushel charged as a commission. In selling grain by the wagon load, that is a different thing altogether; there is a price fixed with a certain spread, and that is fixed every day, according to the fluctuations on the market.

*By Hon. Mr. Malcom:*

Q. That is one cent a bushel, is that the maximum rate as set by the board?  
Mr. BOYD: That is not fixed by us, but is set by the Grain Exchange.

*By Hon. Mr. Stewart:*

Q. You said you could not enforce it. May I put a concrete case before you. Supposing that next year the Grain Exchange fix the rate at a cent and a half a bushel, do you mean to say that under the provisions of section 202 you could not order them to reduce that?—A. Yes, I think we could.

Hon. Mr. MALCOLM: Yes, the Board can order them to, but can the Board make it stick?

Mr. GARLAND: That involves the validity of the Grain Act, and I do not think we should question that, because at once it is questioned every government in the western provinces would validate this Act.

Hon. Mr. MALCOLM: The Board is not compelled to, as a matter of fact.

Mr. GARLAND: I wish the Board would state in its annual report, or through the Grain Exchange, "Your charge shall be one cent a bushel".

Hon. Mr. MALCOLM: The section says "The Board may, with the approval of the Governor in Council, fix".

Mr. GARLAND: I think the Board might very well recommend to you that a regulation may be passed that the rates shall be fixed at a cent a bushel.

Mr. SNOW: In connection with that question, I might say that one of the rules and regulations supposed to be in force by the Winnipeg Grain Exchange is that members of that exchange shall charge one cent a bushel; they must not charge any more, and they must not charge any less. That was one of their regulations.

Mr. GARLAND: But that has nothing to do with this Board. What the Board should do is to declare to the Grain Exchange that your maximum rate for the current year is one cent a bushel.

Mr. BROWN: I think it is well to let sleeping dogs lie.

Mr. GARLAND: No, let us make a precedent in times of peace, and then when war comes on, you are prepared.

The CHAIRMAN: Next.

The SECRETARY: Section 232 of the Act reads as follows: (Reads same).

It is suggested to amend this section by deleting the words "With the approval of the Governor in Council."

Hon. Mr. MALCOLM: That is of the same class. I do not see any reason for leaving "Governor in Council" out of that.

The SECRETARY: The next is more in the nature of a memorandum, dealing with complaints. There are several sections in the Act referring to complaints, and the Board thought it well to prepare this memorandum for the consideration of the Committee:

*\* Complaints*

The Board is of the opinion that it would be advisable to consolidate those sections of the Act dealing with complaints. These are, in particular, section 89, subsection 2, sections 108, 109, 114, subsection 4, sections 166 and 203.

This new section should contain provision for the investigation of any complaint that might arise in the administration of the Canada Grain Act, and such complaints should not be separately enumerated under various sections of the Act.

In the consolidation of these various sections it should not be necessary for the complainant to file his complaint under oath in the preliminary stages unless in the discretion of the Board it were deemed advisable.

It may be noted that clause 36 of the Railway Act reads as follows:—

*The Board may of its own motion, or shall, upon the request of the Minister, inquire into, hear and determine any matter or thing which under this Act it may inquire into, hear and determine upon application or complaint, and with respect thereto shall have the same powers as upon any application or complaint, are vested in it by this Act.*

The Railway Board, however, are vested with wider powers than the Board of Grain Commissioners. The Board desires that on investigating a complaint that it should have authority to enforce its finding in some practical way without the necessity of having to institute court proceedings.

The Board has in mind the matter of assessing loss or damage which, under the present sections of the Act, the Board has no authority to do. The only power the Board has is to lay a complaint against a 'person' and have the 'person' fined or license cancelled, which is not satisfaction or compensation to the complainant.

The Board, however, does not wish to repeal subsection 4 of section 108, but desires to retain the authority therein given to institute court proceedings at His Majesty's expense whenever it considers a case proper therefor.

The Board wishes to retain all the powers now conferred upon them in the sections referred to above, and specifically subsection 4 of section 108.

Mr. BOYD: That is in the consolidated form.

*By Hon. Mr. Stewart:*

Q. Can you amend subsection 4 of section 108 sufficiently to give you power to assess damages?—A. It is a very difficult question, but I think it is very important. In the first place, section 108 sets out certain specific causes or reasons whereby somebody will make a complaint in writing under oath, and we investigate it. Will you read them, Mr. Rathbone?

The SECRETARY: (Reads section 108).

Mr. BOYD: Now, what we suggest is that instead of setting out specifically those clauses or subsections, we be given a general, wide power to investigate anything that may arise in the administration of the Act or the handling of

[Mr. Leslie H. Boyd.]

grain under the Act, and to do that without any affidavit or putting the complainant to the trouble and expense of preparing a declaration under oath and sending it into us. Upon the mere receipt of an ordinary letter from him that he has a complaint against a certain company, we should go right after that and investigate it. No matter what it is, if it is a complaint which properly would come before the Board under the Grain Act, we should have authority to go right after that immediately. I think the Board should have general authority to institute proceedings, if they think a question of law is involved and that a court case should be instituted; we should have authority to do it instantly.

Another thing, if a farmer complains against a line company because of the way in which his grain has been handled, and if we investigate it, we have in many cases found that the car was not handled as it should have been. If we find that he should have been paid on a different basis, that his dockage was not right, and so on. In most cases we have been quite able to get the company to make the settlement. We have no authority to make them settle. We would like some power whereby, after holding an investigation, after the company has been given a chance to be heard and has been heard, and if the Board finds after examining the evidence that the company was wrong and that the farmer has suffered a loss, we should have authority to say "You must pay that loss" instead of having to go to a court.

*By Mr. Ross:*

Q. In that case he would have an appeal to the Governor in Council, just as in the Railway Act?—A. Yes, exactly.

*By Mr. Garland:*

Q. Subsection 2 of section 166 provides that the Board shall for such purpose, have full authority to examine and inspect all the books, records and papers pertaining to the business of such elevator, and all the scales, machinery and fixtures and appliances used therein, and to take evidence of witnesses under oath, and for that purpose to administer the oath.

That power is very limited, and in the event of a company violating the Act, on a serious charge, there is nothing there that will permit the board to step in and seize the records, and seal them on preliminary investigation?—A. No, you are quite right.

Q. In the case of the Nash investigation, under the Combines Act, if the Combines Act did not have the authority giving the investigators power to jump in and seize the books wherever they were all over the country, they would have been able to do nothing, because the books would have been taken out of the country.

Hon. Mr. MALCOLM: That is not necessary, when you give the Board power to assess damages. In the Combines Act there is power to seize the books until the proceedings are completed.

Mr. GARLAND: I am talking about the powers of the Board preliminary to the investigation, not subsequent to it.

Mr. BOYD: That is if in the opinion of the Board it should step in to really make a seizure before judgment?

Mr. GARLAND: Yes, as under the Combines Act.

Mr. BOYD: That is our suggestion, that in consolidating those sections the powers of the Board should be enlarged. I think it would be advisable to have that power.

Hon. Mr. STEWART: We had better discuss it later, as long as we get the idea of your Board; but Mr. Garland is on another matter altogether from that of giving you authority.

[Mr. Leslie H. Boyd.]



Mr. BOYD: Yes, he is on a different matter from that of which I was speaking. I was speaking of the necessity for power to assess damages or loss.

*By Mr. Coote:*

Q. If you are given the authority to assess the damages, are you also given authority to collect it?—A. That is what we want. Now how are you to give it to us?

*By Mr. Glen:*

Q. How are you going to get away from the civil jurisdiction?—A. That is one of the difficulties we have been up against.

*By Hon. Mr. Stewart:*

Q. What you want is the authority, which you would get by taking the man into court and getting the judgment of the court confirming your assessment of the damages?—A. Yes. Mr. Rathbone might read for the benefit of the Committee, section 109.

Mr. RATHBONE (Secretary): (Reads section 109).

*By Mr. Garland:*

Q. Just what do you mean by it being enforceable in any court of competent jurisdiction? Do you not mean that in case of any dispute of your ruling, you want power to take it to the court?—A. Whether the Committee can give us power, in the case of a man who has suffered damages or loss to the extent of \$100, to give a final judgment against the offender, I do not know. The only thing I think we can do is that if the offending company does not obey an order of the Board we might cancel his license until he has complied with the order.

*By Hon. Mr. Stewart:*

Q. As a matter of fact, have you ever had a fight over it?—A. No, but we think if a complaint came along and we thought it was right—

Q. I do not think you are going to gain very much, when you have the right to take it into court. If we could give you that authority, if you made an order, then an appeal could be taken to the Governor in Council as is the procedure under the Railway Act?—A. Yes.

Q. I do not know, if you have not had very much trouble with this, but it would be well to leave it, as we would have to go some distance to give you that authority.—A. I acknowledge that. We have never got to the stage where we have not been able to get along, as the Act is. That general power to cancel should be included in the consolidation. You have the authority under section 167.

Q. That is the strongest weapon you would have?—A. Yes.

Q. As you have pointed out, it may be in the season of a very heavy movement of grain, and you will tie up space by cancelling the license.

You will find by experience in the handling of these things that you have a pretty strong weapon, I think. On the other hand, if I may be pardoned for one minute, my experience in appeals to the Governor in Council is this, and we have had a good many from the Railway Board, particularly on railway rates; I think I have ordinary intelligence, but I am so confused when the hearing is over that I do not know who is right, and I have come to the conclusion, without committing myself to anything, that on these appeals from the Railway Board it would be better to go to the Courts rather than to the Governor in Council. I think you have judicial men sitting upon a question of this kind, and if an elevator company felt that they had some grounds for refusing, or sufficient grounds to go to the courts, and not go to all that expense, perhaps they might not be so very far wrong. I want to get your reasons for suggesting this course, because I think it is pretty drastic.

[Mr. Leslie H. Boyd.]

Mr. SNOW: Mr. Chairman and gentlemen, in connection with this matter we are asking really for something that we are already doing. We collect damages right along.

Mr. GLEN: But you cannot control the payment?

Mr. SNOW: The elevator companies might refuse to do it, and we have not really the proper authority to say, "You should pay this much for this particular case." Now, I have had a great many cases at Winnipeg, where after investigating them I said to the elevator company, "I think this man has suffered a loss of so much, therefore you should pay so much to this complainant," and I have yet to find any case where they refused to do it. If I understand this aright, we want something in the Act that really gives us authority to say to these people that we assess the amount of damages as so much. That is our opinion.

Hon. Mr. STEWART: The Act says you shall take it to the courts, if he refuses?

Mr. SNOW: If he refuses. At the same time, as I understand it, the Board at the present time really has not any legal right to say to that company that that farmer has suffered a certain loss in money, that they should pay him that amount of money, that that is our judgment.

Hon. Mr. STEWART: Pardon me if I ask this question. You as a representative of the Grain Board make an investigation. You have that authority under the Act, to investigate?

Mr. SNOW: Yes.

Hon. Mr. STEWART: You find that there is a \$100 loss in your opinion.

Mr. SNOW: Yes.

Hon. Mr. STEWART: You say to the elevator company, "in my opinion this individual has suffered a loss of \$100". They can say, "Well, we refuse to pay it".

Mr. SNOW: Yes.

Hon. Mr. STEWART: At the present time he knows he has to go to the courts?

Mr. SNOW: Yes.

Hon. Mr. STEWART: You are going into the case, and you say that in your judgment there was an actual loss of \$100. All you have authority to do is to say to them that whether they like it or not they are going to pay him that \$100, that is your judgment?

Mr. SNOW: It should be that way.

Hon. Mr. STEWART: I am putting it in a farmer's way.

Mr. GLEN: The man who suffered the loss would have to institute proceedings. You are putting upon the man who has suffered the loss the onus of starting proceedings.

Mr. YOUNG (*Saskatoon*): The court has certain machinery to seize this, that or the other thing. Suggest to the Committee what machinery you would like. You might have authority to do a certain thing, but what authority have you over that?

Mr. SNOW: It was not so much as to how you would do it. The point is, whether it is necessary, or whether it would be advisable, or whether it would be needful to have something in the Act whereby I could say to a company or to some other party that my opinion and my judgment is you should pay the sum as damages or loss occasioned by their actions.

Hon. Mr. MALCOLM: You have that authority now.

[Mr. Leslie H. Boyd.]

Mr. SNOW: Well, I say we have, but I do not know that we have. If there is any doubt about it, I think we should have some authority, and that it should go unless we want to take it as it is.

Mr. BROWN: Suppose we give you authority, we would have to give you authority to go up to a policeman, and put the man in in jail if he does not obey the mandate of the court.

Mr. SNOW: The only thing is the doubt whether we have that power or not.

Hon. Mr. MALCOLM: It all resolves itself into this, that under Section 109 the Board has the right to assess the damage, and the damages shall be enforceable in the court, and in another section they have power to cancel licenses. What Mr. Boyd wants is to have all the penalty clauses in one section, and to give them authority to go into court or to cancel a license for any offence.

Hon. Mr. STEWART: Has he not the right now?

Hon. Mr. MALCOLM: What Mr. Boyd had in mind was, to put all these sections into one, so that they would have the power to cancel licenses and the power to go into court, upon any assessment or any finding the Board might make.

Mr. Ross (*Moose Jaw*): In connection with this—and this is a very important point to Mr. Boyd and to the Board—in the past you have assessed damages and the elevator companies have paid them?

Mr. BOYD: Yes.

Mr. Ross (*Moose Jaw*): But has it not always been in the back of your mind that if you went a little too far in the damages you assessed there might be a court case over it, and very often a settlement was arrived at, and in that settlement the elevator company thought they had better pay rather than go to court, and that the farmer had better take the settlement rather than go to court, although they were not at all satisfied?

Mr. BOYD: That has happened.

Mr. Ross (*Moose Jaw*): What you want is authority to assess the real damages you think should be given, not the damages you think will be accepted?

Mr. BOYD: Yes.

Mr. YOUNG (*Saskatoon*): I am not a lawyer, but I know a little about how the thing is done. Suppose you have authority to say that this shall be the amount of damage, and you have authority to say that beyond question. But the elevator man says, "If you make that ruling, we will not obey it, we will not accept it", whatever side it happens to be, I ask from that point on what authority have you now. Do you want a policeman, and do you want authority to go on? I am merely asking you what authority you want.

Mr. BOYD: That thing has puzzled me for some time, as to what power you can give the Committee. I do not know whether the law officers of the Government could suggest something.

Hon. Mr. MOTHERWELL: Where do we go from there?

Mr. BOYD: I do say this, that if we had authority consolidated, that is, take the cancellation of licenses, there are only two sections of the Act dealing with the cancellation of licenses; No. 89 is one, and according to the way I read it, it is in relation to terminal elevator licenses.

Mr. RATHBONE: (Reading section 89).

Mr. GARLAND (*Bow River*): Conferred by whom?

[Mr. Leslie H. Boyd.]



Mr. BOYD: I do not know, unless we should be constituted a court, as the Board of Railway Commissioners, a court of record, and we are going to get definite executory power on any rules or regulations we might make.

Mr. GARLAND (*Bow River*): Is there any constitutional difficulty why you should not be constituted a court of record, as the Board of Railway Commissioners is?

Mr. BOYD: I may say that some years ago I suggested that to the Minister, Sir George Foster, but he did not seem to accept the suggestion very kindly. I do not know what his reasons were.

Mr. GARLAND (*Bow River*): Do you still hold to the opinion you had then?

Mr. BOYD: If you have the power to investigate, and have men on your Board who can fairly and honestly judge between parties after all the evidence has been fairly and honestly taken, there should not be any difficulty, but how we are going to become a court of record, I do not know.

Hon. Mr. MOTHERWELL: Would that give you power to initiate proceedings?

Hon. Mr. MALCOLM: The Railway Board has that power.

Hon. Mr. STEWART: The difficulty, Mr. Boyd, is that you are much in the same position as a policeman in the Northwest territories. He is the prosecuting attorney and the judge, and while I am quite willing to go a considerable distance, to my mind it is just a little doubtful, and an appeal to the Governor in Council in that case to my mind is not the proper place to take it; it should eventually go to the court. You are having these difficulties with these things. Have you had any difficulty in enforcing your judgments or decisions?

Mr. BOYD: Might I suggest this, that in consolidating all these sections relating to investigations they be consolidated into one, that the additions or whatever they might be should be consolidated, that nothing should be left out of these sections. That might work out quite satisfactorily. But you might go so far as to say that the Board having found upon investigation that a farmer suffered a loss of a sum of money, and the company refuses or declines to settle on your order, the Board shall have authority to cancel licenses, or something like that. There is nothing like that in the Act to-day, Mr. Stewart.

Hon. Mr. STEWART: We are perfectly willing to give you that.

Hon. Mr. MALCOLM: Mr. Boyd is only asking for authority given under various sections, for consolidating under one section all styles of complaints. There is a certain authority under one section, and a certain authority under another. We discussed this last summer, and now he asks for a consolidation.

Mr. LUCAS: But it might tie up the business of the country.

Mr. BOYD: We have not been called upon to do it very frequently, but it is there and it is serious, and perhaps it might be well to say that it is final, or the license is cancelled within 15 or 30 days if they do not carry out the order of the Board.

Mr. LUCAS: It is quite clear?

Mr. BOYD: The real difficulty would be in cancelling a whole list of elevators.

Mr. COOTE: Does the Act as it is now give you the right to cancel the license of any more than one individual country elevator.

Mr. BOYD: Not as I read it. It is the offending elevator at a particular point.

Hon. Mr. MOTHERWELL: That is all you have to-day.

Mr. GLEN: As a solution of this, if we constitute you under the Act a court of record, with power to assess damages and afterwards to transfer your judgment to the ordinary civil courts for completion and execution of the judgment, with the right of appeal to any of the parties to appeal to the Exchequer Court or some other civil court within a certain time, would that not meet your suggestion?

[Mr. Leslie H. Boyd.]

Mr. BOYD: That would be a helpful suggestion.

Mr. McMILLAN: That would open up the whole thing.

Mr. GLEN: Have the parties appear, as before the Board of Railway Commissioners. The evidence is heard before the Board, the Board make their decision, and that decision is final and binding upon all parties if no appeal is taken within 15 or 30 days to the County Court, and the judgment of the Grain Commissioners is then transferred to the County Court or to the Exchequer Court, and then execution can issue upon it.

Hon. Mr. STEWART: It would be transferred for execution?

Mr. GLEN: Transferred for execution to the common court.

Mr. ROSS (*Moose Jaw*): Where you have only the cancellation of licenses you have a weapon in your hand that you dare not use nine times out of ten.

Mr. GLEN: It would not be a fair proposition to cancel a civil debt by your Board, because a civil debt goes into the ordinary courts.

Mr. YOUNG (*Saskatoon*): The trouble is that you might penalize 100 people for one man?

Mr. BOYD: Yes.

Mr. YOUNG (*Saskatoon*): In actual practice, have you found that they have refused to accept your judgment?

Mr. BOYD: I do not remember any such case.

Hon. Mr. MALCOLM: The only case is the case Mr. Ross brought up, that under the Act of to-day it is really a matter of settlement rather than a loss. It has been compromised, I think, in the great majority of cases.

Mr. SNOW: Almost always.

Mr. YOUNG (*Saskatoon*): Why not settle the matter as you really believe it should be settled, without this sort of compromise?

Mr. GARLAND (*Bow River*): I think so.

Hon. Mr. MALCOLM: To do that and to make the Board's rulings final, the Board must have authority to enforce their rulings other than by an appeal to the courts.

Mr. McMILLAN: Mr. Glen's suggestion makes it final.

Mr. SNOW: I think I can speak about this. I have handled more of these cases than any other member of the Board, because so many come through Winnipeg, and I do not remember a case where I told the elevator company that in my opinion they should make a settlement for a certain loss but that they have said, "All right, if that is your opinion, we will settle that way." I cannot remember a case where they have taken a different attitude, when I have gone into a thing fully and said that that was my opinion. They have acted on it always.

Hon. Mr. MALCOLM: With respect to that, how has that judgment suited the man who complained of loss?

Mr. SNOW: I have in very few cases had any complaint from the farmer that the suggested settlement was not satisfactory to him. I remember one case where the farmer would not accept the settlement I recommended. The case went to the court at Regina; it cost the farmer a lot of money, and he lost his case. It was decided in favour of the company. I had been able to get him a settlement; he was entitled to a settlement, but legally he was not able to prove it in court.

Hon. Mr. MALCOLM: You thought the court's decision was unfair to the farmer?

Mr. SNOW: It was unfair, as far as his rights were concerned, but legally he did not have any claim. The court decided against him. It was a case where the elevator had not preserved the identity of a delivery of flax, and he

claimed that by doing so he suffered a loss, that he suffered excessive damages. As far as I was able to go into the matter, I came to the conclusion that first he had broken his contract, but they had destroyed the identity of the man's grain, and as far as I was able to see the farmer was able to prove that the amount of damage was greater than his dockage at the terminal elevator. I went into it and said, "I think you should allow this fellow a certain amount in consideration of these excessive damages." I cannot tell you about the grain.

Hon. Mr. MALCOLM: Did the company agree to that?

Mr. SNOW: The company said, "All right, we will pay." The farmer said, "That is not enough". I said, "That is all that is coming to you, as far as I can judge." He said, "I will not accept it", and he went to court.

Mr. YOUNG (*Saskatoon*): And paid for his experience?

Mr. SNOW: In that particular case, the farmer lost his case and lost his costs.

Hon. Mr. MALCOLM: What did he sue for?

Mr. SNOW: He sued for a certain amount of damage, on account of the fact that this car had an excessive dockage, and the loss was so much.

Hon. Mr. MALCOLM: In that case would not the court decide that the amount he asked for was too great, but that the amount stated by the Grain Commission was satisfactory?

Mr. SNOW: It is a long time ago now. I gave evidence in the case, and I can remember the judge said that in his opinion no harm could occur to any farmer from the fact that the same kind of grain was loaded in a car, the same kind of grain as loaded by the farmer, and he would not pay any attention to the fact that this was supposed to be specially binned in the elevator. He said, "Well, you have to prove that by not preserving its identity there was a loss, before you can recover for any loss, and I do not think you have suffered any loss". In his opinion the elevator was not responsible for any damage.

Mr. BROWN: When you gave judgment, you gave judgment for the actual loss you thought the man had suffered?

Mr. SNOW: Yes.

Mr. BROWN: It was not a case of accepting less than you thought he was entitled to?

Mr. SNOW: No.

Mr. BROWN: They said, "If you investigate this thing, and if you think we have put something else into that car which caused the farmer a loss, we will pay him."

Mr. SNOW: No.

Mr. BROWN: "We do not think we did anything wrong, but if you think he suffered a loss we will pay it."

Mr. SNOW: I said I would investigate the whole thing. We went out to the country point, got the thresher and got his opinion as to the quality and the dockage, tested his own grain that he still had there; then I got hold of the agent of the elevator company and got his opinion as to what he thought the proper dockage would be, and from the whole thing I came to the conclusion that apparently there was an excess of dockage assessed against this man's car of flax. I could not get him to except it. There was one case. There are other cases I know I have had a settlement arrived at which I thought was a fair settlement to the farmer. In some cases they did not think it was enough, but in the great majority of cases we have had no trouble.

Hon. Mr. STEWART: What percentage of appeals would you have; would they be more than one per cent, one out of a hundred?

[Mr. Leslie H. Boyd.]



Mr. SNOW: I could not tell. Before I left Winnipeg I went through our files, and I noticed that I had several this last season, between 200 and 300 claims.

Mr. COOTE: Any appeals?

Mr. SNOW: From farmers or elevator companies?

Hon. Mr. MALCOLM: None of them appealed?

Mr. SNOW: No, they were all settled.

Mr. GARLAND (*Bow River*): The farmer out in the country will not appeal; he thinks it is good that he has got any judgment at all.

Mr. BROWN: It is important to know whether these were simply compromised on your suggestion, or whether a judgment had been rendered on what was an absolutely fair settlement, such as a man might expect to get in a court.

Mr. GARLAND (*Bow River*): Mr. Boyd and Mr. Snow have admitted that in practically all cases they were compromises.

Mr. BOYD: I would not say that. I said, in many cases.

Hon. Mr. MALCOLM: I asked you the question, whether these settlements had been really compromised or whether they had been in your opinion the same settlements that you would have made if you had had authority to enforce them?

Mr. SNOW: In the great majority of cases. I will admit that in an odd case there was some doubt, an element of doubt, as to whether the farmer did have a right claim. I said that in my opinion that possibly the farmer suffered a loss. Now I say, "Can we not come to some agreement?" It might in that case have been a compromise, but in the great majority of the cases that we investigated and thought the farmer suffered a loss, we asked the elevator company to pay him, and they said, "All right, we will pay him."

Mr. ROSS (*Moose Jaw*): The question whether it is a compromise or not lies in the farmer's mind, as to whether he should take what is offered to him, or whether it is what he would get in a court, if he went to a court of law. At the present time the suggestion is to give power to the Board of Grain Commissioners to adjudicate upon these things. A farmer does not want to go to law. The men in the country who have stock killed on a railway will not nine times out of ten fight the C.P.R., and neither will he fight the Board of Grain Commissioners.

Mr. SNOW: A car of grain was loaded and came to Winnipeg. It was rejected on account of sand and gravel. The farmer made a claim against the railway company and claimed damages. He came to me, and I went out to the point and got the particulars. The grain was threshed in the fall and put in a granary. It was a good road, with no sand or gravel which could have got into that grain when it was threshed. The grain was held all season, and was loaded on the platform. I got evidence that no grain was upset in the road haul. I got a statement that nothing was spilled on the floor. I got a statement from the man who looked after the shovelling. I got a statement from the Canadian National when the car was sealed, I got a statement of when the car was picked up, I got a statement as to when it arrived at the next terminal point and the condition it arrived in, the time it arrived there, the time it left, the time the train went out, and I followed it right through to Winnipeg, and nobody could prove that anything had happened to that car from the time it was loaded until the time it was taken out. The department gave us evidence that the grain was in good condition when it arrived at the car and that it had no sand or gravel in it. The C.N.R. said, "What are you

going to do about it, Mr. Snow?" I said, "It looks like a case for a settlement." "All right, try and get a settlement." I said to the farmer, "How would you like it if you stood one half the loss and the railway company should stand one half?" He said, "All right, if you will get me one half of my loss, I will stand the other half." Nobody could prove what happened. That was a compromise. Such cases do arise, and rather than have the farmer go to the extent of a court case and perhaps a loss, we try to get him to accept the settlement.

Mr. GARLAND (*Bow River*): Do you not think there should be a consolidation of the penalty sections, that apply to these powers?

Mr. BOYD: Yes, I think so.

Mr. GARLAND (*Bow River*): They are scattered all over creation. They are in 229 and 230.

Mr. BOYD: I think if they were put into one penalty clause, it would be an improvement.

Hon. Mr. MALCOLM: Was it not your suggestion in discussing this matter that you should have a consolidation not only of the penalty clauses but of the powers to assess damages, and that you should have the right under that penalty clause to enforce any or all of the penalties?

Mr. BOYD: Yes.

Hon. Mr. MALCOLM: He would use the power of cancellation; he might use his power to enforce a finding but what he had in his mind, was that there should be consolidation, an enforcement of all penalties with the option to use any or all penalties.

Mr. BOYD: That is right.

Mr. GARLAND (*Bow River*): If this Committee can only find some way the Board can do that, it will go a long step.

Hon. Mr. MALCOLM: After studying the matter carefully at Mr. Boyd's suggestion last fall, if you want to make the Board a court of record, you will of course give them full authority. If you want to leave the Act as it is now, it is pretty much a case, as Mr. Snow has said, of adjudicating the damage that should in their opinion be paid, and putting it up to the grain company to pay the damage rather than have trouble or rather than go to court. You have pretty nearly to face one of two things. The Board have in my opinion been reasonably successful in having their findings lived up to by the guilty party, as reasonably successful I mean as anybody could be. But yet at the same time there is the point that Mr. Garland raises and the point that Mr. Ross raises, that as long as the Board has not the authority of a final court of record, the man in the country will still retain the feeling that he is taking a settlement which is a compromise and is not a just settlement.

*By Mr. Garland:*

Q. Mr. Boyd, in connection with some of these sections, you have had experience in the law,—you are a lawyer?—A. Yes.

Q. Do you see any reason why a thief under the Grain Act should receive any different treatment from a thief under the Criminal Code?—A. No, I think so far as that goes, that if you find anything like that happening under the Grain Act, the sections of the Criminal Code should be equally applicable.

Q. I am very glad to hear you say that, because, if you will notice, section 167, you will find there the only provision for the grossest form of theft, undue dockage, unfair weighings, swindling, and even in cases where the company is an accessory to the theft of the operator, there is no provision whatever, for any jail sentence for any official.—A. I think that should be included.

[Mr. Leslie H. Boyd.]

Q. Looking further on, at sections 129 and 130, you will find again that jail is only provided in cases of default of payment of fines.—A. Yes.

*By Mr. Glen:*

Q. Can he not be proceeded against under the code?—A. Yes, he can, but still it would be as well to stipulate it in the Act.

*By Mr. Garland:*

Q. If you take a case to the court of a violation of your rulings, the court in all probability would assess the penalty on the basis of that provided under this Act, and not under the Criminal Code?—A. That is right. You have to proceed in a police court, or a magistrate's court, on a violation of some section of the act; and the magistrate will see that you are laying a complaint for a violation under this Act, and what will the court do?

Q. At the present time, under sections 164 and 167, it is possible for a company to suggest to its elevator agent, we want you to come out pretty clear, and we will not quarrel about any little bit that you get for yourself, but we want you to come clear with your overages, and the more you make the better. Supposing that happens the company will quite willingly step up and pay the fine if the man is convicted under this section and fined \$500.—A. Yes.

Q. But if you put in provision for a jail sentence, the agent will say "No I cannot carry out those orders, I am liable to go to jail, and to the devil with your instructions."—A. Yes, I think that ought to be in the Act.

Hon. Mr. MALCOLM: All that the operator is subject to is discharge. The company is liable to the payment of \$500.

Mr. GARLAND: Yes, and then there is a different thing under section 167. The Board may cancel the license, but if somebody else hires the offending operator the Board shall cancel the license. The drafting is faulty.

Mr. SNOW: Mr. Garland, you know, in cases of settling a dispute, while it is true that certain compromises are made, there are so many differences. For example, here is a case. If you had too rigid a law, the farmer loads two car-loads of grain into a country elevator in a special bin. It came into one elevator and was inspected by the inspector, and while the inspector said he found an odd smutt ball, he would not say that there was sufficient there to warrant saying that that car should go into "Smutty". In that case I said to the elevator company, you will have to pay that fellow for a straight grade. The elevator man said, No, we wont, for in the handling of that grain from one place to another those smut balls would break up, and I doubt whether in a court he could recover that money. I said, I do not care what might have happened in the handling of that grain; you may be right, but we have a rule here that in a dispute the sample box is to determine the dispute. In this case the sample is a straight grade, and in my opinion you will have to pay the difference between a smutty grade and straight grade. The company said, I do not know whether you could enforce that. And I said, I do not know whether I could or not, but if you do not pay I will see whether I can or not, and in my opinion I think you would be wise to do it.

When you get down to the fine thing, these are cases where you must use your best judgment, because if you get into court, you do not know where you will land. In such a case, while it might be a hardship, I thought he should settle, and he did settle.

*By Mr. Garland:*

Q. I call your attention, Mr. Boyd and Mr. Snow, both, to the memorandum of the Board. I take it your Board desires that on investigating a complaint it should have authority to enforce its findings in some practical way without the

[Mr. Leslie H. Boyd.]



necessity of having to institute court proceedings. I think the Committee is in sympathy with you, and we want to find out how to do that. Then, you say that the Board has in mind the matter of assessing loss or damage, which, under the present sections of the Act, the Board has no authority to do.

Hon. Mr. MALCOLM: That is not correctly worded. They have the right to assess loss or damage; but what they mean is that they have no way of enforcing their assessment.

Mr. GARLAND: There is no use in ordering a redress, if you cannot enforce the redress.

Mr. SNOW: We assess the damages or loss.

*By Mr. Garland:*

Q. But you have no authority to collect it?—A. No.

Q. You say that the only power in the Board is to lay a complaint against a person and have the person fined or license cancelled, which is not satisfaction or compensation to the complainant or injured person.

Mr. BOYD: Yes.

Mr. GARLAND: I think the Committee will have to go into that very thoroughly. The Board should have power to assess damages and to enforce collection.

Mr. BOYD: We thought it well to put that position before the Committee, because as a matter of fact you do not really follow those things to a conclusion ordinarily; and we thought the best way to have it discussed was to submit to you the way we have done it.

Mr. GARLAND: That is right. The next is perhaps one of the most important.

The SECRETARY: Section 150 of the Act now reads as follows: (Reads same).

Mr. RATHBONE: Section 150. (Reads): The Board recommends to the Committee that subsection 2 of section 150 be amended by striking out the words, "on whose account it has been taken into store" after the word "Person" in the seventh line thereof, and substituting therefor the following: "named on the receipt." The subsection would then read as follows:

2. Such receipt shall also state upon its face that the grain mentioned therein has been received into store, and that upon the return of such receipt, and upon payment or tender of payment of all lawful charges for receiving, storing, insuring, delivering or otherwise handling such grain, which may accrue up to the time of the return of the receipt, the grain is deliverable to the person named on the receipt, or to his order, from the country elevator.

Mr. GARDINER: Would Mr. Boyd give the Committee some interpretation of the present act, so that we might find out why they are proposing to this amendment.

Mr. BOYD: Would you allow the secretary to read something we have here in writing?

Mr. RATHBONE: In explanation of this amendment, the Board writes as follows;—

Mr. GARDINER: Give us your interpretation of the whole section first, and then we can hear this.

Mr. BOYD: As far as I am concerned, the old section was not very clear; it was susceptible of different interpretations, and for that reason it created a lot of disturbance and dissatisfaction. We have thought of putting these words in

[Mr. Leslie H. Boyd.]

and making the ticket conform with that. We will get away from that ambiguity or uncertainty as to what that section as it now stand is. To my mind, that will clarify it, and there will be no misunderstanding of it.

Mr. GARDINER: Was the Board divided upon it?

Mr. BOYD: No, we were pretty much of one mind on it. I know we discussed it many times, and we differed as to what could really be understood by it. But we were ourselves of one mind, that there were certain conditions there which embarrassed or caused the different parties to take different meanings out of the clause as it is at present.

Mr. GARDINER: You think this will clarify it?

Mr. BOYD: I think so, and Mr. Snow agrees with me.

Hon. Mr. STEWART: Let us hear it.

Mr. BROWN: That is, the mending language, not what the old one was.

Mr. RATHBONE: (Reads):

The Board is of the opinion that this subsection is not sufficiently clear as it presently reads, and as it was the intention of Parliament in amending the Act in 1927 to give to the farmer the right to designate the terminal and the elevator to which he desires his grain shipped, the Board believes this subsection should be clarified to more clearly define the intention of Parliament.

Mr. GARLAND (*Bow River*): Would it not perhaps clear the thing definitely if you inserted there the words "the grain is deliverable to the owner or to his order"? What is the objection to that?

Mr. RATHBONE: To the person named on the receipt.

Hon. Mr. MALCOLM: Mr. Garland, the owner might be brought into question, the actual ownership of the grain might be brought into question. We might as well be frank in our discussion of this matter. The trouble arose because in the contract of the Pool the Pool officers controlled the grain. The Board contended that the Pool owning the grain had the right to contract for its handling. The Board think that if you use the words "person named on the receipt" there is no question about their ability to demand that the man named on the receipt shall have the privilege of designating the elevator to which he wishes his grain shipped.

Mr. ROSS (*Moose Jaw*): Suppose they put instead of the name "the Pool".

Hon. Mr. MALCOLM: They are not going to put "Pool" on it.

Mr. GARLAND (*Bow River*): Mr. Chairman, I am not going to agree entirely with Mr. Malcolm's statement. There is no doubt that the right to contract between the two parties gave rise to the situation which enabled them to do something which they had no right to do. I am only trying to put it straight to the Committee. The Board by its ruling no doubt sincerely but nevertheless mistakenly emphasized the difficulties which arose and which have given rise to this very recommendation of the Board to-day. For their own sake and for the sake of the Board and the producer, it is essential that the intention of Parliament should be fully clarified, and that the owner of the grain, the farmer should have the right to determine the destination of the grain. If you will look at the first section of No. 150—(reads first Clause of section 150)—it does not say in what name. Do you not think it would be advisable to deliver to such person a warehouse receipt in the name of the person delivering such grain.

Mr. RATHBONE: In that case—

Mr. GARLAND (*Bow River*): In the name designated, that would be by the person delivering such grain. That would clear the whole section.

[Mr. Leslie H. Boyd.]

Mr. COOTE: Mr. Ross suggested that the country elevator might necessitate the name of the pool should be entered there, but Mr. Garland's suggestion is that the name of the person delivering should be put in.

Mr. BOYD: If you can put words in there which will make it absolutely clear, that is what we want.

Mr. COOTE: Somebody suggested (it was not Mr. Malcolm) that we use the words "deliverable to the owner". I think those would be very poor words to use, because we place upon the country elevators the difficulty of deciding who the owner of the grain is.

Hon. Mr. STEWART: Your difficulty, Mr. Boyd, was—we will be discussing this at some length, and perhaps it is as well to get it clear in our minds—your difficulty under section 150 was in the storage of grain contracted or consigned by the producer to the pool agent, on the ownership of the grain.

Mr. BOYD: That was our difficulty.

Hon. Mr. STEWART: I see your point. When you changed the ownership of the grain, you raised a difficulty.

Mr. GARLAND (*Bow River*): Are you asking the Board if they interpreted the contract? That is in effect what you are asking.

Mr. BOYD: I do not think Mr. Stewart is asking that.

Hon. Mr. STEWART: No, I am not asking that question. Take section 150 as it stands, it is clear that the owner of the grain has control. That is clear, as it stands now. But if the producer in this case, the man we are trying to protect, contracts himself out of ownership, then I can see how the Board will get into difficulty, because it is 150 as it stands now. I can see your difficulty. I am speaking of the subsection as it stands, and I never understood this until this moment. The producer can contract himself out of the ownership, he can do that, but not having that in mind, under the provisions of the Act, the Act was designed to protect the owner not producer but the owner who contracted himself out of the ownership.

Mr. GARLAND (*Bow River*): Who did?

Hon. Mr. STEWART: The producer.

Mr. GARLAND (*Bow River*): Not at all. I have a pool contract. If my wheat burns up in my bin, does the pool pay me for it? They would have to pay, if they were the owners of it.

Hon. Mr. STEWART: But when you put your wheat into a pool or country elevator, or any kind of an elevator, it is no longer in your possession.

Mr. GARLAND (*Bow River*): Mr. Stewart is entirely incorrect. If he will read the contract, the pool does not become even an agent of the grower until the wheat is absolutely delivered to the pool.

Mr. BROWN: Is it wise to enter into discussions of the situations that arose under the old section, or to trouble ourselves with the different interpretations put upon the section? Difficulties have arisen. Let us put them in the background, and let us try to formulate a section which will take the place of section 150 which will not be open to different interpretations put upon it. That is the thing that concerns us. Why go into all these things which happened in the past, and the difficulties that arose? The difficulty arose between the person who made the contract and the line elevator. But that does not concern us now. Let us face the situation as it exists to-day, and not go over all these things.

Mr. GARLAND (*Bow River*): Mr. Chairman, I am not going to allow that statement to go on record unchallenged. No difficulty would have arisen in this case, no difficulty as between the producer and the Board of Grain Com-

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missioners would ever have arisen if the Board had taken a stand from the outset, "We have not the power to interpret the contract, the Act is clear, the right is the right of the producer to determine the destination of his grain, and he must have that," and insist upon that.

The CHAIRMAN: Let us do it then.

Mr. GARLAND (*Bow River*): Unfortunately the Board did not take that stand, and so this dispute has arisen. I am delighted to think that they are in such an agreeable frame of mind.

Hon. Mr. MALCOLM: I want to make a suggestion which, I think, will meet the real difficulty. In no part of section 150 is the word "Producer" used. This Committee cannot draft any legislation for Parliament, nor can Parliament pass any legislation that is going to protect the producer, to secure the right to determine the destination of his own grain, providing the producer by any contract gives up the ownership of his grain. All we can do is to assure the man delivering the grain to the elevator the right of destination to its terminal, if he so chooses. There is a real difficulty there. You cannot expect this Parliament to go into the contractual relationships of the individual producer. He may sell it to the bank, or he may commit a fraud in delivering his grain. Leave the Pool question out of it altogether. If a producer of a car of grain sells that grain to the bank in payment of a loan which he has already had, or he may give a chattel mortgage; then when he delivers that grain to the elevator, the elevator can only know the man who delivers it, and they must deliver it as the Act says, deliver the receipt to the person who shall deliver the grain. As it is now, the Act distinctly reads: "Shall deliver to such person",—to the person delivering the grain for storage or shipment "A warehouse receipt,"—Now I cannot see, gentlemen, where we can change, without due consideration, the first clause of section 150.

I have drafted and attached to my copy of the Act a suggestion in line with Mr. Garland's suggestion, as follows:

The person operating any country elevator shall, upon the request of any person delivering grain for storage or shipment, deliver to such person a warehouse receipt or receipts in the name of the owner or whoever is represented by the person delivering said grain to be the owner, dated the day the grain was received—

It could be put in in that way, but that would not change in one iota, the meaning that is in section 150 now, in the first clause where it says that the person operating any country elevator shall, upon request of any person delivering grain for storage or shipment, deliver to such person a warehouse receipt. And after all is said and done that is all we can do.

Mr. COOTE: Would it not be better to say in whose name it shall be?

Hon. Mr. MALCOLM: I have no objection to recommend to the subcommittee of this Committee the section as I have read it, as a suggestion; but I do want the Committee to understand that if we are going to take the responsibility of giving certain rights of terminal destination, we must give those rights to the person who delivers the grain, and we must get away altogether from any relations he may have with the bank or any other person.

Mr. GARLAND: The Act was never intended to deal with any contractual relations. That is a matter for civil recourse between the bank and the farmer.

Hon. Mr. MALCOLM: I think it is fair to remember that this Committee and Parliament itself introduced section 150, and not the Board of Grain Commissioners. We did put the difficulty up to them of saying that the receipt is deliverable to the person on whose account it was taken into store.

Mr. GARLAND: The intention was there.

[Mr. Leslie H. Boyd.]

Hon. Mr. MALCOLM: But if the section enacted by Parliament was such as to make it difficult for the Board, I think it is the duty of Parliament to make it clear.

Mr. ROSS: Then what we want is that the man who brings grain to the elevator, for the purposes of this clause, is the bona fide owner or agent for the owner of the grain?

Hon. Mr. MALCOLM: He is the owner. We do not want anything to do with an agent.

Mr. GARLAND: I think that is right, Mr. Malcolm.

Hon. Mr. MALCOLM: "The person operating any country elevator shall, upon request of any person delivering grain for storage or shipment, deliver to such person a warehouse receipt or receipts in the name of the owner of the grain or whoever is represented by the person delivering such grain to be the owner."

Mr. COOTE: I have had grain delivered and the ticket made out to me as the owner, when I was only the agent. If you say "Designated by the person delivering the grain" I do not think you need the word "Owner". I would like to see that given consideration.

Mr. GARLAND: I think if you put in the word "Owner" there you may be called upon to determine who is the owner; and if you put in the words, "Name of the person designated by the person delivering the grain," you are relieved from that.

Hon. Mr. MALCOLM: Quite so. I am not trying to force by interpretation.

The CHAIRMAN: There are only eight minutes left.

Mr. GARLAND: Let us deal with the next section. There is only the next question, on the next page, on the power of the Board.

The SECRETARY (Reading):

*Power of Board to Submit Stated Cases to the Supreme Court*

For the purpose of obtaining an authoritative finding of law on an important question as speedily as possible, and of further enabling the Board to have its decisions complied with, we would suggest the addition of the following two clauses which are adapted from sections 43 and 49 of the Railway Act:

43. The Board may of its own motion, or upon the application of any party, and upon such security being given as it directs, or at the request of the Governor in Council, state a case, in writing, for the opinion of the Supreme Court of Canada upon any question which in the opinion of the Board is a question of law or of the jurisdiction of the Board.

The Supreme Court of Canada shall hear and determine such question, and remit the matter to the Board with the opinion of the Court thereon.

Mr. GARLAND: Mr. Chairman, I move that the subcommittee convene at four o'clock this afternoon, unless the Board has anything further to put before us.

Mr. SCOTT: When the Saskatchewan Commission was sitting in Winnipeg, I gave some evidence there, and they asked me if I would be willing to prepare any proposed amendments or suggestions I might have in mind. And if the Committee would like to have them, I will leave them with the Chairman. This is a copy of what I submitted to the Commission in Winnipeg.

Mr. COOTE: Agreed.

The CHAIRMAN: The Committee is adjourned.

Mr. GARLAND: My motion was not put, Mr. Chairman.

The CHAIRMAN: It was out of order. This Committee cannot order the subcommittee when to sit. They will no doubt take the suggestion.

Hon. Mr. MOTHERWELL: You will notify them that it is to be dealt with?

The CHAIRMAN: Yes.

Witness retired.

The Committee adjourned.



COMMITTEE ROOM, 429,

HOUSE OF COMMONS,

MONDAY, June 3, 1929.

The Select Standing Committee on Agriculture and Colonization met at 8 o'clock p.m., the Chairman, Mr. W. F. Kay, presiding.

The CHAIRMAN: Gentlemen, we called this meeting to-night to hear the brief which the Grain Trade wish to present to the Committee.

Hon. Mr. MALCOLM: Mr. Chairman, I was called upon this morning by Mr. A. B. Hudson, as I mentioned at the previous meeting, at which time he told me that he had a memorandum coming from his principals which he was not in a position to do anything with other than to present, as he himself was not familiar with the operation of elevators. But he wished this memorandum to be presented to the Committee as being the views of the people whom he represents and who are engaged in the grain trade in the west. If the Committee has no objection I will read the memorandum. It is rather lengthy and will take probably five or ten minutes.

(Memorandum read and referred to the subcommittee for consideration.)

#### MEMORANDUM

"Press indications are that the subcommittee of the Committee of Agriculture will, 1st, prohibit absolutely the mixing of grain of the higher grades—the statutory grades Nos. 1, 2 and 3 Northern; and second, permit mixing in all the other grades under the condition of a high standard of inspection out of private elevators.

"It is our view that these two proposition cannot yield a method of mixing that would be feasible, or that would tend to narrow the spreads between the prices of the different grades of wheat. The result would be, in our opinion, a widening of the spreads, with resulting dissatisfaction among the producers.

"In the past the statutory grades have frequently been a majority of the crop. Should that condition obtain again, the volume of business to be done in the private houses will be greatly lessened. They might not be able to operate as private elevators, and would probably be forced to become public.

"And there are other dangers apart from the greatly lessened quantity. It frequently happens that grain will be received into store under one grade, and put out under a lower grade; and this happens frequently in the case even of public elevators. Such cases always give trouble, and the possibility of such trouble would be greater just because a house would be trying to operate as private under this condition. The loss in grades to the house would be no mere risk; it would, in the case supposed, be practically certain, and, of itself, would be sufficient to force the house to turn public. The division of the house into two parts, that would be necessary, one for handling these three unmixed grades and the other for handling the balance where mixing would be permitted, is not a sound commercial proposition, and it would not be made any easier by any system of inspection that might be deemed advisable in order to protect the purity of the three statutory grades. There would inevitably be suspicion and trouble, which would not assist in the operations of the plant. This, of itself, would justify terminal elevator owners in preferring to operate their plants as public houses.

"The other part of this scheme, namely, the mixing of lower grades, would be allowed in accordance with a higher standard of inspection out of the elevators. This plan was advocated on the theory that such a standard would limit mixing to the utmost, and probably end by eliminating it altogether.

"It is difficult to see why terminal operators should approve of such a system. Under the old system, when public elevators were terminal, mixing was not permitted. But the public terminals were reviled, criticized, and legislated against, for years. Then, when private terminals developed, all the criticisms that had previously been made against the public terminals were hurled against these private terminals, because these new private terminals mixed.

"Suppose, now, terminal elevator operators adopt this new type of business. They will have a diminished business so far as quantity is concerned, and that diminished business will be conducted under terms that are already a pronouncement of guilt. They will receive just the same treatment, and be the objects of the same criticisms that have been levelled against all elevators hitherto, whether they have mixed or not.

"The only defence of mixing is in the narrowing of the spreads referred to. But this particular scheme means that Parliament has decided that the crop shall be sold by a method that cannot narrow those spreads, and for this Parliament must take the responsibility.

"Western Canada is to-day producing hundreds of grades of wheat, and these grades are of many varieties, and they vary also in quantities. The storage and handling of the crop now presents enormous difficulties. The proposed scheme does nothing to reduce these varieties or grades, and it tends to add further costs to the handling of the grain. To divide a house into two parts, one devoted to one type of business, and another to another type of business, is not to make matters easier. The tendency will inevitably be to increase the costs of operation, and to widen the spreads between the grades, and in both these ways to tax the grower of the grain. It would be as wise to expect economies in the handling of grain from going back to a system of sacking, as it would be to expect it from going back to an obsolete and discarded system of handling.

"The following memorandum deals very briefly with some of the difficulties to be encountered in the operation of a terminal elevator handling One, Two and Three Northern under Government supervision of binning, and also handling all other grades of wheat and all other grains.

"The operations that would be subjected to Government supervision would be as follows:

- " (1) Receiving;
- " (2) Cleaning (including binning into cleaning bins);
- " (3) Binning in storage tanks;
- " (4) Transferring;
- " (5) Shipping.

#### RECEIVING

"Additional Government men would be needed on the scale and bin floors to see that One, Two and Three Northern, after weighing, went into the proper cleaning or storage bins.

#### CLEANING

"In the matter of cleaning One, Two and Three Northern, and considering the large quantity there usually is of these grades, it would be necessary to have a Government employee at each battery of cleaners. This would mean

several such inspectors on the cleaning floor, and also on the other floors where special Disc or other cleaners are located. It would also be necessary to have some inspectors on the bin floor of the workhouse in order that they might be satisfied that only One, Two and Three Northern went into the cleaning bins of which they had already been given the numbers. This sort of supervision would lead to a great deal of trouble and difficulty and it would be bound to seriously handicap the operations of the elevator.

"All One, Two and Three would have to be binned finally in condition ready for shipment, or, in other words, properly cleaned, so as to pass outward inspection without dockage. Commercial cleaners in a terminal cannot take out exactly the amount of dockage set by Government inspection and at the same time take out no grain. The Government man at each battery of cleaners would, therefore, have to be responsible for the cleanliness of the grain before being binned in the storage tanks, as if any such grain were refused by the inspector at the boat at the time of shipping on account of dockage then it would reflect seriously on the inspector at the cleaners. This would probably result in a considerable amount of extra and perhaps unnecessary re-cleaning, to say nothing of constant disputes between Government and elevator employees. This also raises the question of shrinkage on such grain incurred in the process of cleaning. Under the proposed arrangement Government men would, for all practical purposes, have charge of the cleaning of One, Two and Three Northern, and the elevator would have to stand all shortages or shrinkage. The decision as to the handling of wheat recovered from One, Two and Three Northern screenings, even if these could be kept separate, which is not practicable, would have to be made by the Government men.

"The process of notifying these men of the bins to be used for One, Two and Three Northern in the cleaning operation would be an endless one and would, undoubtedly, incur delays. There would have to be means provided for these Government men communicating with each other by internal telephones, which equipment is now generally used to maximum capacity by elevator employees. In many elevators this cleaning operation would necessitate a night crew of Government men also, and certainly in most elevators if not a night crew a considerable amount of evening work running into a big expense for overtime by the Government. There would be difficulty on this matter of overtime work, as there is in connection with shipments where the inspector is not under any obligation to accommodate an elevator by working nights, Sundays or holidays, as he is the sole judge as to whether or not he will do it. During the busy season it is necessary for terminal elevator staffs to work long hours overtime, both in receiving, cleaning and shipping grain, this work sometimes running into the early hours of the morning. Terminal elevator men accommodate themselves to great irregularity of hours, because they realize the absolute necessity of cleaning up the daily receipts of cars, so that they may be made available for immediate return to the country for re-loading. It is hard to imagine that Government employees, operating under the Civil Service, would, cheerfully and efficiently, carry on in the same way. To the extent that they fail to do this the quick dispatch of grain would be interfered with. In considering this point it should be stressed that all, or any, of the operations of a terminal elevator, in handling their One, Two and Three Northern, would be absolutely dependent on and have to wait on the Government employees. No bushel of these grades could be looked at or moved anywhere, for any purpose, in an elevator, except in their presence.

"It would always be necessary, both during the day and at the close of business each day, for the Government men to seal and keep under seal all bins, including cleaning bins, which contained One, Two or Three Northern.



### BINNING IN STORAGE TANKS

"This operation would necessitate Government inspectors at the belts in the cupola of the storage tanks and also at the basement belts. This would mean several Government men in the basement, one at each belt and either four or six in the cupola. These men would have to keep the inlet and the outlet ends of the bins sealed. In operating the storage annexes elevator men are constantly sounding bins by putting down a sounding line so as to know how much more grain they will hold. This calls for fast work as invariably a car of grain is being held in the scales or cleaning garner awaiting word from the annex man as to which bin it can be placed in. In the case of One, Two or Three Northern such bins would be held under seal by Government men and these men would have to be depended on for fast work if the slowing up of operations is to be avoided.

"It must be borne in mind that no particular section of an elevator could be set apart to be used only for handling One, Two and Three Northern. The volume of receipts of different grades and different grains is constantly changing and terminal space is too valuable, and the maximum use of it too necessary for our crop movement, to consider keeping any of it empty for something that may or may not come along later.

### TRANSFERRING

"During the busy season it is often found necessary to bin grain without cleaning it and later to return it to the workhouse for cleaning, which operation is generally done at night. This would involve the same supervision in regard to sealing bins, proper cleaning, etc., as is referred to above.

### SHIPPING

"Government men in the tunnels would have to be notified of the bin numbers that were going to be used in making shipments. If, when making such shipments, any lot of grain were rejected by the Government inspector at the boat as not being up to grade, serious complications might arise, as up to this point the Government men have supervised the receiving, cleaning and binning of these grades. Any Government supervision of receiving, cleaning and binning One, Two and Three Northern, for the purpose of preserving the identity of these grades, which, in any degree, falls short of one hundred per cent control by Government employees, would be absurd. In effect, such a system means Government operation of the elevator for the handling of these grades. It follows that it would be equally absurd to consider that grain of these grades, taken in according to Government grades given by one set of Government inspectors, and under such conditions of supervision, should not be accepted at the same grade by another set of Government inspectors when being shipped out. Yet this is what would happen, particularly with Three Northern, owing to the lack of uniformity of the quality of receipts during different periods and variation in the quality or appearance of the contents of different bins. It is a fact that terminal operators have often had this very experience. The only logical way of avoiding the clash of opinion or authority that would inevitably result between the inside Government employees doing the supervising, and the outside Government employees on the boats doing the inspecting of outward shipments, would be to do away with the latter. Obviously, if the inside supervision is one hundred per cent efficient, outward inspection is unnecessary.

"During the time of the year when shipments are always very badly needed by the elevators, elevator employees are willing to work any and all hours, and it is quite conceivable that there would be difficulty in getting Government men to remain on the job until two or three o'clock in the morning as elevator men often do.

"It is impossible to enumerate all the difficulties that might arise from attempting to receive, clean, bin and ship One, Two and Three Northern entirely under Government supervision, but it is quite evident that there would be a great deal of confusion as a considerable number of people would have to be notified of every operation taking place in connection with these grades. It is quite a difficult enough matter operating a large elevator when the movement of the grain inside the house is dependent entirely upon your own employees, but to have to consult Government men constantly and to see that everybody was properly notified before operations were started, would certainly make it a very involved business and would, undoubtedly, seriously delay the operations of the elevator. It would not be possible to maintain anything like the degree of efficiency that obtains in a large elevator where the movement of the grain is entirely under the control of the superintendent.

"Our experience in operating terminal elevators convinces us that the system proposed, if it is to accomplish its object of preserving absolutely the identity of One, Two and Three Northern, would be costly, cumbersome and inefficient. We believe that it would be found impracticable in actual operation and we are sure that it would prove highly unsatisfactory to those charged with the administration of the Grain Act and the inspection of grain."

The CHAIRMAN: Mr. Crerar is here; does he wish to be heard?

Hon. Mr. CRERAR: Mr. Chairman, if I can assist the Committee in any way I will be glad to do so. While I do not think I can throw a great deal of light on the question, there are three points upon which I would like to say a word to the Committee. The first is the application of the 75-25 out-turn standard to Nos. 1, 2 and 3 Northern. I understand that the recommendation, that has called forth the expression of opinion in the memorandum you have been discussing, was occasioned by the information in the report which reached the public, that Nos. 1, 2 and 3 Northern were to be inspected into the terminal elevators under the ordinary rules which apply, and that the out-turn standard on which Nos. 1, 2 and 3 Northern unmixed would be inspected out of the terminal elevators was the 75-25 standard. Now, I wish to say that in my mind that is wholly impracticable. It is illogical, and in my judgment impossible to apply to the outward inspection of grain a different standard to that which is applied on its initial inspection, and I say frankly that in my judgment it will be found impossible in operation unless your inspectors violate the law.

The second point I wish to mention is the difficulty which will exist in the operation of the terminal elevators as part public and part private. There are some great handling concerns which are in a position to avoid that difficulty. The pools are in that position because operating, as they do, several terminal elevators they can send their Nos. 1, 2 and 3 Northern to certain terminals and send their lower grades for mixing to other terminals. There are also one or two other firms in the grain business who are in that position. However, I venture to say that the majority of them are not in that position. The United Grain Growers, with whom I am connected, are certainly not in that position. We have just one terminal elevator at the head of the lakes and one terminal elevator at Vancouver. I hesitate to express a definite opinion as to the difficulties which will be found in operating a terminal elevator part public and part private. I presume the intention of the Committee, which they propose to incorporate in the Act, is that Nos. 1, 2 and 3 Northern in such elevators as, for instance, those of the United Grain Growers, will be protected by adequate inspectors in the house; that is, you propose, as I understand it, to put in the terminal elevators sufficient inspectors to see that Nos. 1, 2 and 3 Northern are cleaned separately, binned separately and shipped separately. If



you do that I do not think, frankly, that that part of the memorandum which Mr. Malcolm read, overstates the difficulties which will be found in that connection. I have not had the opportunity of discussing this with the men who have charge of the practical work of operating our elevators, but I do know that those difficulties will be very great, and I say again that I do not think they are overstated in the memorandum which Mr. Malcolm has read.

There is another point I might mention, and this has particular reference to the position of the United Grain Growers. As was stated in the evidence given by myself and Mr. Murray before this Committee a few weeks ago, we built a terminal elevator at the head of the lakes three years ago, after the report of the Turgeon Inquiry had been made, and after the recommendations of the Turgeon Inquiry were incorporated in the amended Grain Act of 1925. We built that elevator with the expectation that legislation then passed would be more or less of a permanent character, and we provided facilities in the elevator for handling that grain in the manner provided for in the Act at that time. If we are put now in a position where we cannot operate under those conditions, where we have to make a choice in operating our elevator entirely as a public elevator or as part private and part public, or operating it purely as a private, omitting Nos. 1, 2 and 3 Northern, we are placed in a very difficult position indeed. I have no hesitation in stating that to this Committee. If we operate as a public elevator, if the conditions are such that practically all the terminals at the head of the lakes will have to operate as public elevators or as private elevators handling only Nos. 4, 5 and 6—handling certain grades other than Nos. 1, 2 and 3 Northern—then you will immediately narrow the competition on that class of grain, and in my judgment the producer is the man who will suffer by it. I do not think that it is altogether fair to put us in that position. I think that is all the observation I have to make to the Committee.

Mr. DONNELLY: Will you answer some questions, Mr. Crerar?

Hon. Mr. CRERAR: Yes, if I can. I perceive that some members of the Committee have the faculty of asking questions which may be somewhat difficult to answer. If Mr. Donnelly had the experience of the practical operation of a terminal elevator, probably he and I could get along a little better in this question and answer business.

Mr. DONNELLY: It is just as you please.

Hon. Mr. CRERAR: I will be glad to answer any questions I can.

*By Mr. Donnelly:*

Q. You said that you would be unable to operate as a part public and part private elevator when you had cleaned Nos. 1, 2 and 3 and kept them separate. What are you doing now, if not keeping them separate? Are you mixing the 1's and the 2's and the 3's together? What do you want put into them? What do you want to do with them?—A. We are not under the obligation of keeping them separate at all, under the Act.

Q. But do you not pretty well have to do so at the present time?—A. Not necessarily. What we have to face in the operation of our elevator is this: The Inspection Department inspects the grain which goes in to our elevators. When that grain leaves the elevators they also inspect it and it is our obligation and our duty to put that grain out to the standard required by the Inspection Department, and we have not an army of inspectors in the elevators checking this bin and checking that bin, watching this belt and watching that belt, and supervising a whole battery of cleaners. Our work is not handicapped in that respect.

Mr. DONNELLY: You said that you thought it was right to buy by one standard and sell by another?

[Hon. T. A. Crerar.]



Hon. Mr. CRERAR: Not buying by one standard and selling by another.

Mr. DONNELLY: You said that would be an anomaly if we did it?

Hon. Mr. CRERAR: No, I think you misunderstood me. What I did say was this, that under this proposal you propose to inspect into the terminal elevators under one standard, and inspect out under another standard.

Mr. DONNELLY: That is practically what I said.

Hon. Mr. CRERAR: The question of buying is not involved.

Mr. DONNELLY: Inspecting in as you get it from the initial inspection point.

Hon. Mr. CRERAR: The grain is taken into the elevators under the inspection given by the officials at Winnipeg.

Mr. DONNELLY: That comes in under the minimum of the standard?

Hon. Mr. CRERAR: Yes.

Mr. DONNELLY: And we are asking you to sell it out at somewhere near the average or a little below the average. We are not asking you to keep up to the average, but to keep somewhere near it.

Hon. Mr. CRERAR: The hon. member overlooks this fact; the early movements are from the southern part of Alberta, Manitoba and Saskatchewan. This grain is of quite a different character from the grain which may come in from the northern parts of these provinces a little later. Take, for instance, Nos. 1, 2 and 3 Northern from Southern Manitoba and southern Saskatchewan going into Port Arthur. These cars pass Fort William; they go into the elevator, and perhaps within a week or ten days afterwards they are going out on the boat across the lake. Under what standards shall they be inspected out at the head of the lakes? Under your proposal it will be 75-25 of the average up to that time, but ten days or two weeks later you have grain of a different character coming in, and then what standard do you propose to apply? Is the outward standard to be changed, or not? If you change it, you will change your standards on shipments abroad.

Mr. VALLANCE: What happens now?

Hon. Mr. CRERAR: It is graded under the Act as it has been for the last thirty or forty years, to my knowledge.

Mr. VALLANCE: There has been a standard.—

Hon. Mr. CRERAR: The standard as provided in the Act permits the same inspection outward from the terminals as into them.

Mr. DONNELLY: Seventy-five per cent means what? Seventy-five per cent of the average? You get grain from the southern part of the province down at the minimum and buy it at the top, and later on you get grain all from the bottom or all from the top. They do not average up and down.

Hon. Mr. CRERAR: In my judgment it will not.

Mr. DONNELLY: You think it will come in at the bottom?

Hon. Mr. CRERAR: Not necessarily at the bottom, no.

Mr. DONNELLY: You think that No. 3 Northern passing Winnipeg from a certain section will all be below the average, while grain from another section will be above the average?

Hon. Mr. CRERAR: If you take No. 3 Northern from northern Manitoba and Saskatchewan from the commencement of the movement of grain after threshing starts and you put that into the 75-25 average, it will not correspond to the average of the grain that comes in three weeks later.

Mr. DONNELLY: It is a different variety of wheat?

[Hon. T. A. Crerar.]

Hon. Mr. CRERAR: No; it may be Marquis say but not of the same type.

Mr. DONNELLY: That does not mean that the average will be about the same—

Hon. Mr. CRERAR: It is different.

Mr. DONNELLY: The quality of wheat may be different, but I do not see where it affects the 75-25 of the average going through Winnipeg at all.

Hon. Mr. CRERAR: I do not know that I can make it any plainer. I give that as my opinion as a result of practical experience over a great many years. If this goes through in this form I would like to get Dr. Donnelly to manage our business; probably he could handle it better than I could.

Mr. Ross (*Moose Jaw*): You stated that you did not think that it would be practical to have a 75-25 standard for outgoing wheat when you have the minimum standard for wheat coming in. That view has been put up to the Committee by members of the Committee before this, and possibly by different witnesses. In your opinion, would the double standard, a minimum standard coming into the elevator and the 75-25 standard going out, be practicable, and would it stand up in law?

Hon. Mr. CRERAR: I do not know that it is a question of law at all. As a question of being practicable, I do not think it would.

Mr. Ross (*Moose Jaw*): You said that there would be great difficulty if we stopped mixing in the top three grades.

Hon. Mr. CRERAR: I did not say that to-night; I did not pass an opinion on that.

Mr. Ross (*Moose Jaw*): You said that there would be practical difficulties in the elevator.

Hon. Mr. CRERAR: I say that there are practical difficulties in the operation of an elevator part public and part private, with the additional inspectors you will require in that elevator if you carry out the law as you propose to make it.

Mr. Ross (*Moose Jaw*): Supposing this Committee and this House decided to stop all mixing in the straight grades? Then there would not be needed nearly the same number of inspectors in the house, would there?

Hon. Mr. CRERAR: I should think there would be. I think you would need more inspectors in the house in that case.

Mr. Ross (*Moose Jaw*): Would it not force all the elevators to be public terminals except a few to handle off grades?

Hon. Mr. CRERAR: In that case how will you ensure that your terminal does not mix the grain?

Mr. Ross (*Moose Jaw*): If you take into an elevator, the same as you would do with a government elevator to-day, a million bushels of No. 1, 2,000,000 bushels of No. 2, and 5,000,000 bushels of No. 3, during the season, they can only out-turn the same number of bushels that they get in.

Hon. Mr. CRERAR: Is that the experience of public terminals? I doubt if it is.

Mr. Ross (*Moose Jaw*): I said terminal storage elevators.

Hon. Mr. CRERAR: Is that their experience?

Mr. Ross (*Moose Jaw*): I believe it is.

Hon. Mr. CRERAR: I would be doubtful of it.

Mr. Ross (*Moose Jaw*): That is evidence given by the elevator superintendents before the Brown Commission, that there was no mixing allowed of any kind. They could only out-turn the grain they got in. Then why do you need your inspectors to inspect it? If such a system were possible, you would not need the same number of inspectors.

Hon. Mr. CRERAR: I take it, Mr. Chairman, that the purpose of the Committee is to protect the integrity of these grades. Now there might be a terminal elevator company which would mix those grades; how will you protect the integrity of those grades if you do not carry out what you propose to put in the law?

Mr. Ross (*Moose Jaw*): What object would they have in mixing it, if they would only out-turn the same number of bushels of the same grades they brought in?

Hon. Mr. CRERAR: I do not think that any public elevator in the days when elevators were operating as public—I do not speak with definite knowledge on this—but I do not think there ever was a terminal elevator operating as a public elevator which put out bushel for bushel against bushel for bushel taken in of the same grade. For instance, supposing grain goes out of condition as it does in an elevator occasionally. In certain years that frequently happens, and grain which goes out of condition in an elevator would not go out of the elevator at the grade at which it was taken in—it could not.

Mr. Ross (*Moose Jaw*): The only grain which would be out of condition would be off-grade grain?

Hon. Mr. CRERAR: It was usually tough grain which went out of condition.

Mr. MILLAR: Referring back to the matter raised by Dr. Donnelly: will you go a little further in that? You have pointed out that when grain comes in from the northern part of each of the three provinces it will be different in type from that of the south. That is quite evident, but would you say that there is any great variation of the value?

Hon. Mr. CRERAR: I do not know; that could only be determined, I presume, by the protein test. I am not discussing the values of the grades, but I am saying that you have certain standards and certain specifications for each grade. Under this method of operation I think the terminal elevators would find themselves very frequently in this position, that they had taken stuff into different bins under inspection by inspection officials, but could not get that grade when it went out if you applied your 75-25 standard. The moment that happens you put the elevator up against a loss.

Mr. MILLAR: If you interpreted my question in that way, change it. Is there any great variation in its ability to pass the inspectors?

Hon. Mr. CRERAR: Yes. Take for instance the No. 3 Northern grade where I fancy probably the greatest difficulty would arise. We receive wheat from every part of western Canada, which varies considerably in type according to the district it comes from. You get 3 Northern wheat, for instance, from northern Manitoba and Saskatchewan, which is piebald wheat weighing possibly 63 or 64 pounds to the bushel, and yet it grades only a No. 3.

Mr. MILLAR: Would that compensate for a lack of hard, red vitreous kernels?

Hon. Mr. CRERAR: No, not under the present standards of inspection.

Mr. LUCAS: Is that inspected on the same standard right through the season? At the beginning of the season the standards are set which apply all through the season.

Hon. Mr. CRERAR: They have not been up to the present time, except on the commercial grades, the lower grades.

Mr. LUCAS: Grain coming in the first three weeks of the season is graded on that standard just as grain coming in at any other time of that season—at the latter end of the year it is graded on the same standard? That standard is stationary; it does not change—



Hon. Mr. CRERAR: If you operated under the law as it is at the present time there would be no difficulty with the Nos. 1, 2 and 3 Northern, but what you propose is to inspect it in under the present standard and inspect it out on a different standard. I do say that there would be a difficulty there.

Mr. COOTE: Under the proposal which the Committee has been considering, would it be any easier to operate an elevator if mixing were prohibited in all straight grades from 1 down to 6 instead of from 1 to 3?

Hon. Mr. CRERAR: I do not think it would be any easier for the purpose the Committee has in view. You provide in the Act, say, that there shall be no mixing in Nos. 1, 2, 3, 4, 5, 6 and feed wheat. You make that statutory. How are you going to know that the elevator would not mix unless you put your men in to see that they did not? Consequently, if you are going to logically carry out the idea that the Committee have in mind, that is, that you are going to make this iron-clad and iron-tight, I do not see how you can do it unless you put your squad of inspectors into the elevators.

Mr. COOTE: Then we are not creating any great difficulty for a terminal elevator under this proposal, no greater than if we propose to prohibit mixing in all the straight grades? We are not creating any great difficulty for any terminal elevator.

Hon. Mr. CRERAR: I would think not, although I would hesitate to give a definite opinion on that without further thought and further discussion with the men who have the practical work of operating our elevators.

Mr. CAMPBELL: With your experience in the operation of elevators do you think it would be easier to achieve the object the Committee have in view—easier to check the in-turn with the out-turn to see that there was no loss of a higher grade going out than coming in, without unnecessary inspection at all? Would it be more easily brought about than the suggestion we have now, without any inspection inside the elevator, but leaving it to the elevators to check the out-turn with the in-turn?

Hon. Mr. CRERAR: If I understand your question correctly, you ask would it be practical to say to a terminal elevator, "You take in so many bushels of Nos. 1, 2, 3, 4, 5 and 6, consequently you must put out so many bushels of Nos. 1, 2, 3, 4, 5 and 6."

Mr. CAMPBELL: I realize that under these circumstances you would probably have to have another elevator to do hospital work, but if that plan were followed out, would it be easier to attain the object?

Hon. Mr. CRERAR: I do not think the elevator could do that.

Mr. CAMPBELL: Is it done now?

Hon. Mr. CRERAR: No, it is not. There is a possibility of grain going out of condition in an elevator, grain which may be inspected as straight grade, but has too high a percentage of moisture, or we might have a year with a tough, frozen crop, the hardest kind of grain to handle and keep. Such grain, with the best possible handling, may go out of condition.

Mr. CAMPBELL: That would not enter into this question at all. If that came in as a higher grade, that would not necessarily follow. The idea would be to prevent higher grades coming in than were going out.

Hon. Mr. CRERAR: Ah, yes, it would be a loss to the elevator.

Q. But is that not the condition now? That would not make any change, would it, in an elevator, under the present circumstances?—A. Yes, but they have an opportunity of handling that grain at the present time. I understood your suggestion was to make it statutory, that an elevator would have to put out the same amount of bushels in each grade that it took in. Of course, if some wheat went down from 2 Northern to 3 Northern in outward inspection then they could not put out the number of bushels of 2 Northern that they had taken in.

*By Mr. Ross (Moose Jaw):*

Q. Bearing in mind that the greater proportion of the wheat of western Canada is grown in the southern parts of Saskatchewan, Manitoba and Alberta, and that although those parts of the province may start to thresh earlier the elevators are always full although the country has been moving wheat all the time until all the threshing is practically done in the north, would you say that there is any very great difference in the standard of the grain coming into Winnipeg except perhaps for a very few days at the tail end of the season?—

A. Yes, I would, Mr. Ross. Some of the members from Alberta can probably speak with more definite knowledge on this point than I can. But I think I am safe in saying that 15 years ago probably 75 per cent of the grain grown in the Edmonton district was oats. To-day I think I am safe in saying that 75 per cent of the grain grown in that district is wheat. That change has taken place not only in the Edmonton district but in the northern parts of Manitoba and Saskatchewan as well.

Q. Yes, Mr. Crerar, the southern parts of the provinces have never delivered all their grain at any certain periods in the year; it is always coming through, is it not?—A. It is coming through, but it comes through first. The first movement of grain is almost always, for instance, from the southern parts of these provinces, and that is due to the fact that they harvest earlier than the northern parts.

Q. But for the main part of the season you have got grain coming from the northern and southern districts together, but more from the southern districts than the northern districts.

*By Mr. Campbell:*

Q. To come back to that question I was asking, I do not think you got my point altogether. I would say that if the Committee have in mind the prevention of mixing that they suggest that it be made compulsory, that the outturn standard of the elevators be not greater; I am not looking at it from the other standpoint. The point would be to see that there is no more of the higher grades going out than goes in. My question is, in your opinion, is it more practicable to carry out that suggestion than the present suggestion?—A. No, I do not think it is, Mr. Campbell.

*By Mr. Millar:*

Q. Mr. Crerar, in connection with this variation that you have referred to, would it not right itself as the grain goes down to Buffalo, Port Colborne, Collingwood, Owen Sound and those other places, is take out of the elevator and put into a boat; would it not be adjusted so that by the time it reached the old country this variation would have disappeared entirely?—A. That might be.

Q. I am not saying that that solves the problem.—A. That does not solve the problem for the terminal elevators. I am discussing it from the point of view of the practical operation of an elevator.

*By Hon. Mr. Stewart:*

Q. Mr. Crerar, I may be thick-headed, but I do not understand from your statement, or did I understand from your statement that you are opposed both to the prohibition of mixing and the establishment of an outturn standard?—A. No.

Q. Then I got you wrong.—A. The position of the United Grain Growers is before the Committee already on the question of mixing in the evidence that Mr. Murray and myself gave a few weeks ago. But what I am discussing is the application of a 75-25 outturn standard to 1, 2 and 3 Northern which you are not going to permit to be mixed in the elevator, and which is inspected in on a different basis.

[Hon. T. A. Crerar.]



Q. Then if there was no attempt to interfere by way of prohibition of mixing you would not object to the higher standard being fixed?—A. No. If mixing were continued, applying the 75-25 outturn standard then you are logical all down the line.

*By Mr. Lucas:*

Q. That is the question I was going to ask. We have had two proposals before the Committee ever since we started this investigation. One side has been presenting an outturn standard of 75-25, believing that that would very largely eliminate the evils of mixing. Another side of the Committee have been advocating the prohibition of mixing by statute, and, as I understand it, according to the report which got out in the press, the suggestion there is to combine the two. I understand, Mr. Crerar, that that is what you object to, the combination of the prohibition of mixing and at the same time adopting the 75-25 outturn standard.—A. For grades 1, 2 and 3.

Q. Yes, and I understand you to say, Mr. Stewart, that if mixing were allowed on a higher outturn standard you would not have any objection to that?—A. No, I think the elevators could operate on that basis, and the Committee then would be logical it seems to me in its treatment of the question. I may have an opinion as to that standard, but I say that is a standard upon which I think the trade could operate, and I repeat the Committee then would be logical in its approach to the question.

*By Mr. Ross (Moose Jaw):*

Q. Is that 75-25 standard very much higher than the present standard you use for outgoing grain?—A. I would hesitate to answer that question, Mr. Ross. The Inspection Officials could probably give you better information on that than I could. My impression is that it is higher, probably considerably higher than the present outturn standard, although I wish it clearly understood that I am making that statement merely as an opinion. I have no actual knowledge on that.

*By Mr. Fansher (Last Mountain):*

Q. I am not sure that I am quite clear in your presentation of the case, or in your objection to the prohibition of mixing in the higher grades with the outturn standard in reference to the grain coming in earlier in the season from the southern parts of the provinces and later in the season from the northern parts of the provinces. I gathered from what you said that in one of these districts, either the northern or the southern part, the grain will come in mostly either above the standard of the grade, at the high of the grade, or at the low of the grade, and it is transpired that there was a certain district where there would be more wheat coming in at the low of the grade it would be very difficult to keep it at the 75-25 standard coming in at the earlier part of the season. Is that what I understood you to say?—A. No. I do not know that I clearly grasp the member's question, Mr. Chairman. What I do say is this, that 3 Northern wheat from the southern parts of these provinces is a different type of wheat from 3 Northern wheat from the northern parts of these provinces.

Q. If that is the case, that should not enter into this argument. There will be just as large a percentage of a certain grade, that is, perhaps just a grade above, in a given area as in any other area; and there will be just as large a percentage of the wheat that just merely gets by to get into that grade. There will be no variation whether coming from the north or the south, which would present any difficulty so far as the 75-25 outturn standard is concerned. If that is the case then there is no difference, because there is northern and southern wheat coming in above the average of the grade, or at the average of



the grade; that is, there will be a certain amount of wheat that will just miss No. 1 and get into No. 2, and vice versa, or there will be a certain percentage of the grain that has just got into grade No. 2 and that will be binned as No. 2. There will be no difficulty in keeping up the 75-25 outturn standard. That is the point I wanted to clear up in my own mind. I thought you were inferring that there was a difference between the north and the south, that the south was at the top of the grade, and the north was much lower, and that it would be harder to get the northern grain out on that standard. If I am wrong in that assumption I wish you would put me right.—A. There are different types of wheat. I give it as my honest opinion, Mr. Chairman—I would not give any other opinion to this Committee—that this proposal would prove impracticable in operation. And if I may be permitted to say so, I cannot see the logic of applying a different standard to your outward inspection from what you apply on your inward inspection. It has never been done before in all the years of operation of the grain business in western Canada, and I say that I do not think it is practicable in operation.

*By Mr. Donnelly:*

Q. Was there not a regulation in the selling of grain up to 1912 which prohibited grain going out that did not come up to the average?—A. I cannot say as to that, Dr. Donnelly.

Q. I think there was, and I think that the Grain Commission at that time had the privilege of turning any down which did not come up to that standard.—A. My understanding certainly is that the grain outward from the terminal elevators was inspected on the same standard as the grain inward to the terminal elevators, and that was on one, two and three Northern on the specifications set out in the Grain Act, and on the lower grades on the samples set by the Standards Board.

*By Mr. Millar:*

Q. In regard to the same standard out as in, let us understand this; would you argue that it is fair to a farmer who is selling grain when the spread of, say, 2 Northern is four cents from the top to the bottom—would you say it is fair to the farmer who has a carload of grain that is near the top to sell it at a standard that is near the bottom? Would you say it is fair to the farmer to deliver a standard that is nearly a one and sell it out, or grade it and sell on a standard down nearly to a three? That would often occur if you grade out as you say on the same standard as taken in? The farmer will have his grain sold on a basis that would often be the full spread between the top and bottom of the grade—four cents, five cents, six cents or seven cents; you would not argue that that was fair to a farmer, would you?—A. No. Mr. Chairman, Mr. Millar is getting the discussion into another field. That is a difference in value between say the top of a three and the bottom of a three. But that, I understand, is not the question the Committee is discussing at the moment. If you wish to criticize the principle our grading system is based on that is another matter, and that I would be glad to discuss with Mr. Millar.

Q. It seems to me that the present system, if carried out in that way, is unfair to individual farmers.—A. It can be argued with equal force that the inspection of his grain inward to the elevator is unfair.

*By Hon. Mr. Stewart:*

Q. Mr. Crerar, I confess that one of the difficulties raised—and we do not mean to worry you to death but we want to get all the information we can because we are deadly in earnest about this—and we started out with the idea of prohibiting mixing, with the idea that it was hurting the name of our grain in the world's market. We have fixed opinions about that, but at the same

time I hope we are logical. I do not know very much about the operation of an elevator, but I have yet to understand why, if we say we are going to prohibit by statute the mixing of the three statutory grades in your elevators, and we are going to fix an out-turn standard, you say you object to having both. Why is it necessary to police an elevator, because that is virtually what it would mean. If we adopt the position suggested by Mr. Campbell, that of making the out-turn, or making you turn out the exact number of bushels you take in, then it seems to me that you are forced, are you not, to live up to the out-turn standard? To my mind that is the greatest prohibition of mixing that you can bring into effect, if you live up to it, and the Inspection Department will be responsible for seeing that the 1, 2 and 3 Northern, as well as the others, all conform to the out-turn standard of 75-25. That is why I fail to understand this question of policing in the elevators. There is a great deal of stress laid in the memo. presented by Mr. Hudson as to the difficulties you are going to encounter in the elevators, because I take it that all your No. 1 Northern may go into one bin for that matter, and all your No. 2 Northern may go into one bin for that matter, and it will be between the minimum and the maximum of the grade, the same for No. 3. Of necessity you have to turn it out that way. If you did not, if the out-turn standard of 75-25 is high enough, in my opinion then it is up to you and not to the police to see that you do bin your grain and turn it out in that manner, if it is necessary?—A. I do not think you can get away—

Q. Why is it necessary to do all this watching? So far as I am concerned, I am very keen about the out-turn standard. I believe it will do more than anything else to prevent the difficulties that ordinarily might arise. And I might also say that I am rather keen about the prohibition of mixing. But I do think that the main prohibition will be the fixing of the out-turn standard.—A. Well, the necessity for policing arises from the fact that you propose that an elevator shall operate as part public and part private. Now, you say that for the protection of the lower grades that you permit to be mixed, the out-turn standard must be 75-25. That is logical. But to prevent mixing of the higher grades, to see that their integrity is preserved, you propose to police, and policing is necessary in that case, I should say. I take it, at any rate, that that is the judgment of the Committee, and you propose to see that 1, 2 and 3 Northern are not mixed by policing your elevators. You operate as part public and part private. You say that 1, 2 and 3 Northern must not be mixed, and you propose to put in a set of inspectors to see that the law is carried out in that respect. I presume it could be carried out, it would be carried out, and 1, 2 and 3 Northern would not be mixed. But then you put the terminal elevator up against the proposition of putting that stuff out on a higher standard than it is necessarily taken in at.

Q. Then, you would not possibly mix it in that case?—A. No, it would not be mixed in that case, because your police officers would see that it was not mixed.

*By Mr. Fansher. (Last Mountain):*

Q. May I ask you, when you get the high of the grade and the low of the grade at 75-25 as a higher standard than it was taken in at, by what manner of reasoning on or what percentages do you come to that conclusion?—A. Because your grain is of different type. Let me give this illustration: as I said a moment ago, the grain moves first in the southern part of those provinces. Within two weeks of commencement of threshing, if the weather is good, your stuff is being loaded out on boats at Fort William, and your out-turn standard is set from the cars inspected up to that time. Later you will get grain from the northern districts, the bulk of which grades 3 Northern,

[Hon. T. A. Crerar.]



but of a quite different type. The quality is lower than the standard you have set on the shipments from southern Manitoba and southern Saskatchewan.

Q. Well, I ask you why should that be? It would transpire that you would get the high of the grade and the low of the grade from the north as well as you would get the high of the grade and the low of the grade from the south. Some of that perhaps has just missed No. 2 and gone into No. 3, and some of it has just missed No. 4 and gone into 3. You get the high and the low from the northern districts the same as you get the high and the low from the southern districts. That was the point that I was trying to get at before. You must realize that there would be cars in Three, for instance, that have just missed Two, and still be the high of the grade from all parts of the producing area. As I see it, it should not vary very much, and when you have twelve and one-half per cent below the average it should not militate against the operation of it so far as getting results is concerned.—A. I am very sorry, Mr. Chairman, if I have been unable to convince Mr. Fansher, but I still maintain the position I have taken. There are districts, for instance, where you will not get any 1 and 2 Northern wheat at all, and where a lot of it has difficulty in getting into 3.

Q. You have operated for a long time, have you not, Mr. Crerar?—A. I do not think any experience I have had will answer the question you have asked. That would depend altogether on the character of the crop.

The CHAIRMAN: I understand that Mr. Ramsay of the Pool would like to be heard.

The witness retired.

EDWARD BANNERMAN RAMSAY, called.

The WITNESS: Mr. Chairman and gentlemen of the Committee, I will not keep you very long. There are just one or two remarks that I would like to make in connection with this matter. I may say that I have to-day spent most of my time considering the question, in view of the latest evidence which has been put before you, I am sorry to say I cannot agree with the memorandum submitted by the grain trade. I am also sorry to say, in view of Mr. Crerar's long experience in this business, that I cannot agree with him. I do not think you can bring about a change in the system, which has grown up over a number of years, against the express wishes of the producer without some difficulty. I have seen no reason to amend in any way the pool's idea in connection with the handling of grain at the terminals. The question that arises in my mind is, does the producer serve the terminal or does the terminal serve the producer?

I would just like to mention, for your information, that the pool is the largest customer of the line terminal. We have put through the line company terminals in the past season some ninety-five million bushels of grain. We have paid them for that grain the tariff they asked for the services rendered. We have never expected that anybody would work for the pool on a basis less than cost. What we are not prepared to allow is the line elevator companies to mix their lower grades and market them through the medium of our higher grades. Insofar as the application of a higher standard of grain which is prohibited from mixing is concerned, I do not subscribe to the view that the grain trade deliberately intend to break the law. I think the large majority of the grain trade will obey the law. I think the most effective policing you can have at present is the 75-25 standard. The policing by an elaborate inspection service, would not, in my opinion, be necessary unless you could prove violations of the law.

[Mr. E. B. Ramsay.]



Mr. Crerar has dealt, to some extent, with grain coming from specific areas at one time. We have exploited the possibilities in that connection, and we have arrived at the conclusion that, as Mr. Fansher said, you get the high and the average of the low of any grade from any district. There is no question about that. Certain types of wheat, however, are not so suitable for mixing purposes. That was the conclusion we came to. I have communicated with our Boards in the west and they are not prepared to ask for anything less than they can get.

I would just like to state that we suggested in the first place the 75-25 standard as being our idea of meeting the situation at this time, but the thought behind that standard was eventually the eliminating of the mixing of grain except in such grades as it was to the advantage of the producer to mix. I would also like to observe that 1, 2 and 3 Northern are world specialties. The lower grades do not come into that category. They are just wheat; they have to compete with foreign wheat such as the Argentine, and with the American wheats. I think, Mr. Chairman, that is all I have to say.

The CHAIRMAN: Are there any questions?

Hon. Mr. MALCOLM: Just one question I would like to ask. Do you think there is any exception made to the previous committee, as to their making a report advocating the complete prohibition of mixing for the statutory grades, for the benefit of the producers?

Mr. RAMSAY: I think there should be some discretion given to the Board of Grain Commissioners to deal with certain classes of tough wheats in certain seasons, where the volume would justify, in their opinion, such action on their part—looking always to the successful marketing of the farmers' grain?

Mr. MILLAR: I suppose the inference there is to permit mixing of the tough wheats of the same grade with the dry again?

Mr. RAMSAY: Yes, where in the opinion of the Board they would not be creating any appreciable hardship. Of course, you cannot, in our opinion, get something for nothing. If you mix an off-grade into the higher grade, the higher grade suffers, but if the mixture is so small as not to seriously affect their operation, I think the growers would acquiesce in the Board's decision in the matter.

Mr. MILLAR: Is it economically sound to ship even tough wheat to the old country, paying freight and transportation? Take a car of wheat which has four per cent excess moisture; there may not be quite that difference between the tough car and the average of the cars going straight—it may be a little high—but if there were four per cent of excess moisture, that means there is water in that car when it reaches the old country which if wheat were valued at three cents a pound would amount to about seven cents a bushel.

Mr. RAMSAY: We would not ship wheat with 18 per cent moisture; it is not possible.

Mr. MILLAR: I mentioned the average run of dry cars which might be from 12½ to 13 per cent. If it were 12½ per cent it could easily have 4 per cent above that, I admit that 4 per cent is perhaps a little high, but 3 per cent is a common thing.

Mr. RAMSAY: The average of the shipment would have to come into the grade it was supposed to be in.

Mr. MILLAR: You calculate on one car to get a fair calculation of what loss would occur?

Mr. RAMSAY: The operation would be a concession to assist the man with the tough wheat or the elevator companies so as to make the business practicable. Our view is that there has to be a certain amount of leeway to get a

[Mr. E. B. Ramsay.]

satisfactory administration of the Act. You cannot run everything on a dead line, as it were. It is impossible, and I should say illogical to legislate for every detail of the grain business.

Mr. MILLAR: Could you tell what the cost of drying a tough ear would be?

Mr. RAMSAY: It varies, according to the moisture content of the grain. As a rule, it is more profitable to ship this wheat than to dry it. The drying charge is about 7 cents, when you get up to the higher shrinkage on very tough wheat.

*By Mr. Glen:*

Q. There are one or two questions I would like to ask. The recommendations made by the Pools came from whom?—A. From the three boards.

Q. Of Alberta, Saskatchewan and Manitoba?—A. Yes.

Q. I understand that the Manitoba Board only recommended the 75-25, with nothing as regards mixing. Is that right?—A. At one time, yes.

Q. They have since made a recommendation other than the 75-25?—A. No, but they are prepared to acquiesce in the present situation.

Q. The executive is so prepared?—A. Yes.

Q. Have the executive met since the report went to the newspapers on this standard being fixed?—A. I cannot say.

Q. Are you speaking on behalf of the executive or for yourself?—A. I am speaking from my knowledge of the individual member's position in regard to mixing.

Q. Without having consulted them?—A. Yes.

Q. Then it is your viewpoint, and you think you are expressing their viewpoint?—A. Yes.

Q. Did the Saskatchewan Pool recommend 75-25 and also the total prohibition of mixing?—A. Yes.

Q. Did the Alberta Pool do the same?—A. Yes, in the three statutory grades.

Q. When did they do that?—A. Mr. Chairman, is this cross-examination in order as to the details?

Q. I am dealing with your viewpoint and as to your authority to speak. You are the General Sales Manager?—A. No. Mr. Plummer is here, and communicated with his Board and got their acquiescence in it.

Q. Was that since this was published in the newspapers?—A. Yes.

Q. And the Board met to decide that that should be done? Tell me; were these recommendations made in open convention in Alberta, Saskatchewan and Manitoba, about the 75-25?—A. They were made at an interprovincial meeting at which the three boards were represented, and at which a unanimous decision was reached.

Q. You said that the idea behind it was that the 75-25 would eliminate mixing.—A. Would eliminate the evil practices of mixing. I mean by that, the adulterations carried out by mixing.

Q. And they were satisfied that the 75-25 would to a large extent eliminate that evil?—A. Yes, to a very large extent.

Q. Having heard the three proposals for the prohibition of mixing in the three grades, do you think it is logical that you can intake these three grades and at the same time put on your 75-25? Are these two positions logical?—A. Yes, from a policing standpoint, I would say they were.

Q. Did your executive say anything with regard to the tough grades—as to what should be done with them?—A. No, not specifically.

Mr. VALLANCE: I rise to a point of order. I would like if this witness is to be cross-examined, to have the hon. member ask questions of the witness and not ask him for his authority for saying so-and-so. This witness has been introduced and has stated the position he holds, and I do not think it is right that he should be forced to give his authority for everything he says.

[Mr. E. B. Ramsay.]



Mr. GLEN: It is a most extraordinary position for my hon. friend to take that because a memorandum submitted by Mr. Hudson was not signed, it should not go in, and now he objects to my asking this witness for his authority. I think the witness can take care of himself.

*By Mr. Glen:*

Q. Will you give us your opinion as to whether it is logical in the 1, 2 and 3 grades to make it imperative to give an out-turn certificate of 75-25 per cent?—A. The way I look at it is that to achieve that standard is a binning problem on the elevators.

Q. Supposing the grades did not measure up to the 75-25: what are you going to do then?—A. I should think they would lose a little money; they would be in danger of losing their money.

Q. Supposing the law did authorize the taking in of the 1, 2 and 3 grades and the 75-25 outward certificate; if the elevator companies were to take the position that they have bought that grain, and they must come up to the standard on the out-turn certificates of 75-25; have you considered what the situation might be?—A. Yes.

Q. What is your viewpoint?—A. They would have to buy it to conform to the standard at which they would have to ship it out.

Q. I think the intention was that they should buy it on the grades 1, 2 and 3.—A. They would have to consider when they were buying the grain whether they wanted to ship it out on a higher standard.

Q. Would that not mean dividing up the grades?—A. It would on street wheats, but that is not a very large proportion of the crop now.

Q. If it did amount to that, would it mean the price being reflected back on the producers?—A. I do not know how the grain trade would govern themselves under those conditions.

Q. If it did tighten up the grades would that not have an effect upon the price the producer would get?—A. I am not sure that it will tighten up the grades.

Q. Are you qualifying it now?—A. No. I say that it still might; I do not know that it will.

Q. In regard to the question of people buying grain to conform to the 75-25; do you not think you are trying to knock holes in the Act by such a proposition?—A. I am quite sure I would not.

Q. Do you think there is any danger of an attack being made on the Act if that were the case?—A. I am quite prepared to say that we would welcome a final establishment of the Act.

Q. Might there not be an invasion of civil rights?—A. That is not my business.

Q. Is that proposition not before you, and under consideration?—A. Yes, we have given consideration to that. The only thing that any Pool officer has ever said about it is that if the Act is ultra vires in certain sections, the sooner we find it out the better.

Q. You are aware from that newspaper report that a new Board of Grain Commissioners is likely to be acting in the future?—A. I understand so.

Q. You admit now that the proposal for the prohibition of the three grades, and also the 75-25 per cent outturn certificate, are fairly large changes in the Act, are they not?—A. I would say so.

Q. And I think you also said that you would wish to give to the Board of Grain Commissioners some discretion with regard to the tough grain in the first three grades?—A. No, I did not say that I wished to; I said that so far as the Pool was concerned, if the government thought that necessary we would acquiesce.



Q. But in changing, would it not be wise to hasten a little slowly? You are making a very extraordinary change—perhaps you call it a forward change, but nevertheless a great change—in the administration of the Grain Act. Would it not be wise to go into it slowly?—A. If you will permit me to say so, I will say that we would like to see some speed.

Q. If we did not show speed which was likely to be harmful to the country?—A. We would not ask for those things if we had any idea that they would be harmful to the country.

Q. You did ask for the three grades to be prohibited and for the 75-25 per cent?—A. Yes.

Q. You were satisfied that that was a very advanced step at the present time?—A. Yes, we thought it was considerably advanced.

Q. You thought that to a large extent that would eliminate the evils of mixing?—A. To some extent, yes.

Q. With a new Board coming in proposing to deal with the new Act, and with the grave changes, it may have serious consequences? Would it not be wise to leave the 75-25 per cent on the outturn certificates, and in the meantime give to the Board of Grain Commissioners that discretion of which you spoke, to inquire into the operation of prohibition absolutely of mixing. Do you not think it would be wise to hasten slowly, as it were?—A. Why, there is nothing I can say, Mr. Glen, except that we are prepared to operate under the new proposal which has been published.

Q. What I am asking you for is your opinion with regard to the proposal in the first instance of limiting this to a 75-25 outturn standard, leaving to the new Board all that has happened in those discussions before this Committee to come up before the next session of Parliament. Do you not think it would be a wise thing to do, in view of the statements that have been made as to the dangers and the risks contingent on the changes made?—A. I rather like the present proposal.

Q. You prefer to have the proposal of the prohibition of the three grades and also the 75-25 standard?—A. Personally. I am speaking personally.

*By Mr. Lucas:*

Q. Will that require any policing in the elevators?—A. I am not one of those who think that every grain man is a scoundrel. I am quite sure that a great many of those men whom we deal with very largely will observe the law. I would be very much surprised if they did not without very much policing, and I think that the raised standard will so check anybody who did have ideas on how he wanted to run his terminal elevator.

Q. Even with the prohibition of mixing in the three higher grades, without out-turn standard of 75-25?—A. Yes.

Q. If you place by law the out-turn standard at 75-25, is it necessary then to make a prohibition of mixing?—A. I think to satisfy the country it is.

Q. But apart from that you would not get any different result?—A. I think you will.

*By Mr. Ross (Moose Jaw):*

Q. Mr. Ramsay, in connection with the point Mr. Glen was bringing out, or endeavoring to bring out, as to the reflection back to the country on account of the changed standard of outgoing grain, there would be no reflection back to the country, would there? What I mean is this: all grain, no matter what grain is bought by the country elevators, is examined and a certificate given for it as it goes through the primary inspection point, and it must be at the minimum or above the minimum of the grade. You are only going to put it out on a 75-25 standard, and you have always got the minimum and the maximum of that grade coming in?—A. Mr. Ross, I think Mr. Glen was dealing with street wheat. That is the only class of wheat it affects.

[Mr. E. B. Ramsay.]

Q. Your idea is that he was endeavoring to show that street wheat would be bought a little higher in the country by the elevator buyer?—A. I took it that way from Mr. Glen. Was I right, Mr. Glen?

Mr. GLEN: That was your answer.

The WITNESS: It would not affect specially binned grain.

*By Mr. Donnelly:*

Q. If, as we suggest, mixing is prohibited in the 1, 2 and 3 grades of wheat, with an out-turn standard of 75-25, do you think we are imposing any hardship on the terminals to live up to that standard?—A. As I said in opening, that is the problem the elevators would have to face, and they should have no difficulties.

*By Mr. Vallance:*

Q. You say that 1, 2 and 3 were world specialties. Just what prompted you to say that? What were your reasons for saying that 1, 2 and 3 were world specialties?—A. There is no competitive wheat that compares with the Canadian 1, 2 and 3 Northern.

*By Mr. Ross (Moose Jaw):*

Q. From your experience as a salesman for the pool, has it not shown you that in the last year or so our 3 Northern is practically getting down to where it is comparable with Australian and Argentine wheat?—A. It is in grave danger.

*By Mr. Brown:*

Q. There has evidently been a little uneasiness raised in some people's minds with regard to the toughs. It has been suggested that the Board of Grain Commissioners might have discretionary power as to the amount of tough wheat they would allow into the straight grades in a given season. Do you think that would be a practicable proposition, in view of the fact that one elevator might be getting in a greater quantity of tough than another, or more tough wheat coming from one district than another; do you think it would be possible to have that matter arranged by the Board having discretionary power?—A. I think the law of averages would take care of that point, Mr. Brown, just the same as wheat coming from a certain district. I think if they apply that average principle to your elevators you will find that they will all get a share of it. Of course, I have no doubt the Board will consider all features of it before they authorize the Inspection Department to pass it.

*By Hon. Mr. Stewart:*

Q. I am still on this policing question. If the out-turn standard is as suggested, 75-25, do you think there is much chance of an elevator having to live up to that standard being able to manipulate the three statutory grades? If they did, they would skim it off the top?—A. Yes. The only possibility would be working in undesirable wheats into 3 Northern, such as Kota. Of course, that would be small compared to the volume of the crop.

Q. There would be no difficulty in 1 and 2.

*By Mr. Brown:*

Q. Mr. Ramsay, there is one feature of the mixing question that has been debated in the Committee, and that is the question of using some of the higher grades to bring up some of the lower grades. Have you any objection to that kind of mixing, or do you see any reason to object to that kind of mixing?—A. I think it is a waste of good wheat, Mr. Brown.

[Mr. E. B. Ramsay.]

Q. That may be, but there could be no objection to the operator of a private terminal if he desired to do it; you do not see any objection to that?—A. Not at the moment, Mr. Brown.

*By Mr. Donnelly:*

Q. Do you know if they dried much tough wheat this year?—A. Not to my knowledge.

Q. What has been done with it?—A. Disappeared.

Q. In a year like this, do you think there would be any objection to giving the Board power to put all tough wheat into the straight grade?—A. I do not think so.

Q. With the 75-25 standard it would do away with some of the mixing; would it prevent them from running their straight wheats into the 3 the way it has been done?—A. No.

Q. And by eliminating this mixing, as proposed, it would prevent that, would it not?—A. Yes.

*By Mr. Steedsman:*

Q. In the prohibition of mixing in the three statutory grades, would the shipments of those grades be above the 75-25 average out-turn?—A. If anything, I should say.

Q. Then, in that case you are giving the old country miller, or the buyer, something that he is not paying for, are you not?—A. The problem would be, you want a satisfied customer. That is the best way to market wheat, as far as I can see; that is, to satisfy your customer. I would rather let the old country customer, who is a regular customer, have that mere fraction in the shipment than lose it in any other way.

Q. Do you think the fraction would be very small?—A. Very small, yes; infinitesimal.

*By Mr. Ross (Moose Jaw):*

Q. Following up Dr. Donnelly's suggestion, there are certain wheats put down on account of mixtures with other grains which would eliminate them from going into 3, and thereby bringing up the average of that foreign grain that would be in the No. 3.—A. Well, I do not know. It is a little difficult to deal with all those specific cases, Mr. Ross. They could not come in 3, that is certain.

Q. You might have a carload of grain that came in with a considerable proportion of Durum wheat in it; it would be graded down. That would have no chance of getting into your 1, 2 and 3 Northern under the prohibition of mixing, whereas if you could mix that could be dribbled into the other wheat and a larger percentage of the Durum go into the 3?—A. There is a possibility.

The witness retired.

The Committee adjourned.



HOUSE OF COMMONS,

THURSBAY, March 14, 1929.

The Select Standing Committee on Agriculture and Colonization met at 11 o'clock, the Chairman, Mr. Kay, presiding.

The CHAIRMAN: Gentlemen, we will take up this morning the question of the grading of barley. There is a National Barley Improvement Committee, of which Dr. Grisdale is Chairman. He is occupied with a conference on the maple products industry at the moment, but will come in later. Dr. L. H. Newman is Chairman of several important sub-committees of this National Barley Improvement Committee, and I will ask him to open the proceedings this morning.

Dr. L. H. NEWMAN, called.

The WITNESS: Mr. Chairman and gentlemen: probably it would be well at the outset to review the barley situation as it exists in Canada, and the circumstances which have led up to a revival of interest in this important crop. During the past eight years the production of barley in Canada has a little more than doubled. A great deal more interest is being taken in the barley crop now than formerly, but some of us think that the interest is not yet sufficiently great. We have prepared a little pamphlet which has been distributed which will give you some of these figures, so I will not delay you by going into all of these statistics. Canada exported of the last crop 26,000,000 bushels of barley. Around 65 per cent of all the barley exported went to the United Kingdom. Germany is becoming an increasingly large purchaser of our barley. The production this year is not given in the pamphlet; the estimated production is something like 114,000,000 bushels of barley. Manitoba is the largest producer of barley; in fact, it produces more than one-half of all the barley produced in Canada.

Honourable Mr. Crerar who was looking into the barley situation some time ago in the Old Country made this statement on his return: "I was particularly impressed with the European demand for barley, which is being used in large quantities for feed and for the manufacture of malt. Apparently it is going to pay Canadian farmers to give increasing attention to the production of a good variety of barley."

In the spring of 1927 I happened to be in Europe in connection with some other work, and I took advantage of the opportunity to inquire into the barley situation as it affects Canada, and I was impressed at that time with two things; first, with the very dirty condition of Canadian barley as it arrived in the Old Country, and secondly, with the cleanliness of the barley being imported from other countries. I have here a picture which gives you a very good idea of this matter. All of these four parcels were mixed together once and then separated. This block in the corner (indicating) represents the clean barley; this (indicating) is wheat, this (indicating) is wild oats, and this (indicating) is the chaff and dirt. That mixture was taken from an ordinary cargo of barley arriving in the Old Country, and explains very well why the Old Country buyers of our barley are not very much impressed with the quality we send them. Hitherto our barley has been used almost exclusively for feeding pur-

[Dr. Newman.]

poses. The maltsters were not interested in the ordinary varieties of barley, but they wanted a good quality to come from Canada for malting purposes, and it is not hard to understand their attitude toward our grain.

In August, 1927, on my return from the Old Country, a meeting was held at Birtle, Manitoba. Mr. MacLeod and Professor Harrison of Winnipeg were present, together with a large number of growers interested in this crop. The whole question of how we might go about improving the barley crop was discussed at some length, and certain recommendations were made. Owing to the fact that several of the provinces were interested in this question, the federal department of Agriculture decided to call a conference. This conference was held in Ottawa, February 27, 1928, and was largely attended. On that occasion the whole question was gone into, all the phases of barley production, marketing, and grading, and several committees were appointed. One committee was to study the valuation of varieties; another the extension of markets and so on. These committees have been functioning since that time.

Another meeting was held on June 13, 1928, at Quebec on the occasion of the annual meeting of the Seed Growers Association. Reports from these committees were received and certain further recommendations made.

Then, on August 8, 1928, a meeting of the Market Extension Committee was held in Winnipeg, and another one at the Experimental Farm at Brandon a few days later. On the occasion of these two latter meetings it was decided to assemble a considerable quantity—several thousand bushels—of barley of the O.A.C. 21 price, and the Trebi type. The O.A.C. 21 is the most commonly grown variety in western Canada; the Trebi is a six-row barley and belongs to the bay brewing type which is coming into Manitoba largely from California. It was decided to assemble at the head of the lakes a shipment of several thousand bushels of these two lots, and hold them in readiness to be sent to the Old Country if circumstances should warrant their shipments. The pool being very vitally interested in this whole undertaking agreed to do its part in the enterprise by assembling this grain and holding it in special bins at one of its elevators at the head of the lakes. Samples were taken from these two lots and sent to the Old Country and put on display at the national buyers exhibition held in London in November, 1928. There was a stand erected at that exhibition by the Federal Department of Agriculture, which department assumed as its part of this co-operative undertaking the financing of this stand and the furnishing of a special man, whom we were fortunate enough to get in the Old Country, a Mr. McKechnie, a man of wide experience who had charge of this stand. We have here a detailed report of this situation and of the attitude of the Old Country maltsters toward our grain, looking toward our grain as possibly suitable if properly prepared for the malting business. Generally speaking—and without going into details—that grain created a good deal of interest; samples were taken away by the different maltsters and submitted to malting tests and we have their individual reports on these samples. There appears to be a great deal of spade work still to be done in spite of the interest taken. The Old Country buyer is a very pernicky buyer; he has several countries from which to select his wares, and he buys from that country which supplies with material which suits him best, price included, naturally. So, notwithstanding that fact, the Committee feels there is an opportunity that is at least worth while for us in Canada to investigate this whole matter and to determine if possible whether or not there are any districts which are capable of producing a high quality of barley for malting purposes, because this barley ought to be used for malting purposes for brewing and should bring the highest price. Already some of our barley



is used for distilling, but it is not bringing as high a price as barley which is to be used for brewing should. The different provinces as well as the federal department are therefore undertaking a rather extensive project with the view of determining what varieties, and under what conditions, those varieties may be best produced. It will probably be two or three years before we can make any very definite report. The last meeting of the Committee was held January 28th in Winnipeg. This was the annual meeting of the National Barley Improvement Committee presided over by Doctor Grisdale. At this meeting the reports of this shipment were received and a considerable discussion took place as regards the question of barley grades. The sub-committee on grades made its report and was instructed to look into the matter still further and to confer with representatives of the inspection department at Winnipeg. We held a meeting in connection with the inspection people at Winnipeg and agreed upon certain definitions and certain standards for the suggested grades. The Committee believes that this whole situation will be improved materially if the grades of barley are amended, and if certain grades are included which may be regarded as malting barley grades. At the present time there is not a very great incentive for our barley growers to put in a great deal of barley. As those of you who come from the west probably know, barley has been regarded largely as a secondary crop and has been relatively neglected to quite an extent. We feel, however, that if certain grades are provided the standards of which are relatively high and if these grades, known as malting barley grades, can be produced and can bring a little premium over and above the present feed grain, there should be a very distinct incentive to our farmers to pay a greater attention to this important problem. We have, therefore, prepared for your consideration the draft of a number of barley grades which we think may constitute an improvement over the grades as they now exist in the Canadian Grain Act.

That, gentlemen, is roughly the circumstances—the situation leading up to the preparation of these grades. This Committee is still working. It has done a good deal of useful work on them; and it is now prepared to bring before you some concrete evidence of its effort.

*By Mr. Brown:*

Q. Have those suggestions been embodied in a draft bill at all?—A. Not yet, Mr. Brown.

*By Mr. Coote:*

Q. Have you any facilities, for testing the malting qualities of barley?—A. At the present time, Mr. Coote, the malting work has been done really by the malting people—companies. The Canada Malting Company almost entirely has been co-operating, because that concern, I might have said, is very much interested in this whole question, although we are speaking now particularly, or have been, of the export trade in barley. They believe that anything that will tend to create a greater interest in the barley crop will be of great advantage and make it possible to get other qualities of more suitable material for their purpose here in Canada. They have been co-operating splendidly in connection with malting tests, and have prepared in the past two or three years very fine reports on different varieties which they have malted. At the college in Winnipeg they are preparing a laboratory to make certain tests. We hope to be able to have an equipment capable of handling that sort of work for all the provinces outside of Manitoba in the course of the present year. I might say we have here to-day Mr. Folliott of the Pool who was appointed with myself as a committee to present these grades and to discuss this matter with you here to-day.

[Dr. Newman.]



*By Mr. Garland (Bow River):*

Q. I would like to ask the witness if he has made any investigation of the barley that is known as Barks, produced along the C.P.R.?—A. Yes, Barks Barley has been investigated and Trebi Barley has come to occupy a much larger place. It has really come to take the place of Barks which is a little late in maturing. It is pretty much the same type.

Q. Trebi is a better malt barley?—A. It is not really regarded as a malt barley in the ordinary sense, but Trebi corresponds with the type called Bay Brewing which is brought in from California into the old country. They bring in about 400,000 tons annually into the old country. The malt is used for blending with the English and Scotch barley malts to give quick clarification and drainage. The situation in the old country has changed very considerably during the last few years, since the war particularly, in that the heavy excise which is imposed on the alcoholic content has caused the brewer to reduce the alcoholic content to quite an extent in his beer, with the result that they have now to make a beer which will clarify quickly, because it must be used quickly. If you reduce the alcoholic content very much you cannot keep this beer as long as old beers had to be kept when clarifying, and in order to get quick clarification, settling, and good colour they have to make them twenty-five and thirty per cent of a type of barley similar to Trebi, and with barley that for the present has been brought in from California—this is Bay Brewing type of barley. Our interest in Trebi is on account of the fact that it might occupy quite a place for blending purposes.

*By Mr. Coote:*

Q. If you hope to produce barley to use for malting, it must be practically free from weeds?—A. Yes, it must be clean, sound, and of good colour.

Q. There would be no difficulty about removing wild oats from barley, I suppose?—A. No.

Q. It might be difficult to remove wheat?—A. You can get it out well enough for the purpose. What they want is barley that is of good colour, of golden colour, mature, and they want barley of the same variety. The variety as Mr. Barnell explained yesterday should germinate—

*By Mr. Steedsman:*

Q. It is considerably more difficult to separate Durum wheat?—A. Yes, it would be.

Q. In the areas you spoke of?—A. Yes, excepting Trebi. Trebi, O.A.C. 21, Canaddian Thorpe, Hannchen—these are the four varieties which are the leading varieties in Canada both from the feeding and the malting standpoint.

*By Mr. Fansher (Last Mountain):*

Q. Does the nature of the different soils in Canada have any effect on the different barleys in their quality?—A. We do not know, Mr. Fansher, definitely; but it is one of the lines of the investigation that this research is directed towards.

*By Mr. Lovie:*

Q. Would the price for malt barley make it worth while to raise it?—A. When ordinary 3 C.W. barley is quoted here in Broomhill's Grain Trade News at 39 shillings a quarter, good malting barleys will run about 59 to 60, and sometimes 65.

Q. What grade would malted barley be?—A. They are not particularly interested in grades over there, but what they want is barley that conforms

with their requirements—malting barley, sound, clean, uniform and true to type and so on. It is because we have not anything higher than the 3 C.W. that has caused this Committee to suggest that there be other grades added which would make it possible to go.

Q. I know there are no barley grades higher than 3 C.W., but there are lots of good barley raised which seems to be away above the standard?—A. Yes, the grading of barley up to the present time has been based pretty largely on the weed seed content—wild oats.

*By Mr. Coote:*

Q. Can you tell us anything about yielding power?—A. Trebi is at the head of the list. It heads the list in 27 stations in the United States, and is second in nine other states. It is high yielding. It is inherently a high yielding barley.

*By Mr. Brown:*

Q. What is the general experience of the yield in O.A.C. 21?—A. It is a good barley.

Q. We have not found it a high yielding barley?—A. It has been one of the best barleys, but O.A.C. 21 is having to give way to some of these new inventions. As a yielder it cannot compare with Trebi.

Q. I believe that the older varieties have given high yields?—A. Yes, in some places.

*By Mr. Lovie:*

Q. Is O.A.C. a malting barley?—A. It is liked in Canada for malting purposes.

*By Mr. McMillan:*

Q. How does the quality compare with eastern Canada O.A.C. 21 in malting properties?—A. Compare with what?

Q. With the west?—A. It seems to me that the opinion so far is that the Ontario A.O.C. barley is likely to be less flinty, therefore a little more desirable than in the west as a rule; but Mr. McFarland of the Canada Malting Company is here and he can tell you much more about that sort of thing than I can.

Witness retired.

Mr. W. C. FOLLIOTT, called.

THE WITNESS: Gentlemen, the Canadian Wheat Pool this year will have to handle about 20,000,000 bushels of western Canada barley, and in that regard we have had considerable difficulty in marketing barley due to the fact that as far as high grade barley is concerned we have not had suitable grades to take care of them. We had in the Canada Grain Act a grade known as Three Extra barley. The quality of barley going into this grade has not been very great. The bulk of high grade barley has graded Three barley as a consequence, due to the fact that in the grading of barley in Canada there is a six-rowed and a two-rowed barley, and various types of barley. As a consequence, Three C.W. barley contains a mixture of both two- and six-rowed barley, and the various types of barley. In endeavouring to sell a malster outside of Canada we find it quite difficult—quite impossible for us to trade with them due to the fact, as I have stated before, that our 3 C.W. is a mixture of both two-rowed and six-rowed, and vice versa. It is quite impossible to sell a man who uses six-rowed barley our 3 C.W. because he cannot use a mixture of two-rowed and six-rowed barley.

[Mr. Folllott.]

Now, we are therefore very much in accord with the suggestion made by the National Barley Committee that the grades be so changed that we will have grades that will take care of both two and six rowed barley. If these changes are made it will mean that the terminals at Fort William and Port Arthur, and the various terminals, will be obliged to bin these grades separately—these types separately. In so doing that will give us an opportunity to handle the non-pool demands of western Canada, of being able to market two-rowed barley to maltsters who can use two-rowed barley, and likewise a chance to sell a man that uses six-rowed barley, six-rowed barley without having any mixture of the two types.

I do not think the Grain Act as it is at the present time takes care of any grades for malting purposes, and we feel that these changes suggested by the National Barley Committee will take care of such a case. In connection with what Mr. Newman has said with regard to the shipment, or with regard to the getting together of a quantity of O. A. C. 21, or Trebi barley at Fort William, it might be interesting to this Committee to know that we were unable to make any sales of these two particular lots to maltsters on the other side. As Mr. Newman has stated, maltsters were sent over to this National Brewers Convention and the brewers undoubtedly took considerable interest in it, but for some reason or other they were not sufficiently interested in it to make purchases at that time.

To show you just the advantage of having particular types separate, I might state that in the case of the O. A. C. 21, this barley was picked by Professor Harrison of the Manitoba Agricultural College at various farms in southern Manitoba. It was taken to the local elevator, shipped on to Fort William; the samples at Winnipeg were handled by Professor Harrison, and at Fort William we special binned the grain in one of our elevators at that point. When we found that the United Kingdom maltster was apparently not very much interested, we endeavoured to dispose of this barley elsewhere, and in January we were able to sell a lot of O. A. C. 21, an amount of about 20,000 bushels. We were able to sell that barley to the Canada Malting Company at a premium of 12 cents a bushel over what ordinary 3 C. W. was trading at. Of course, you can appreciate that in assembling this barley and special binning it, and one thing and another, it costs something to do that, but we figure that, allowing for say seven cents a bushel to take care of such handling and incidental expenses, we were getting a premium of five cents a bushel over what the man who had just as good O. A. C. 21 barley. But through our grading at the present time his barley would go into 3 C. W. barley, its identity would be lost and mixed with six-row barley, and he would not have an opportunity of being able to get any such premium. I do not know that I have anything further to say.

*By Mr. Donnelly:*

Q. Have you copies of the proposed amendments to the Grain Act?—A. Yes, I have. I have just the one copy here. You will have to take a copy of the present Grain Act to make a comparison.

*By Mr. Garland (Bow River):*

Q. Could you quote from the Act and make the comparison?—A. These are the suggested grades as agreed upon by the National Barley Committee Trebi, three grades.

*Number 1 Canada Western Six-Row Barley* shall be composed of 95 percent six-row barley of the same variety or type, and of equal value for malting purposes to O. A. C. No. 21, shall be plump, bright, sound, clean, practically free from other grain and weighing not less than 48 pounds per measured bushel.

[Mr. Folliott.]



*Number 2 Canada Western Six-Row Barley* shall be composed of 95 per cent six-row barley of the same variety or type, and equal in value for malting purposes to O. A. C. No. 21, shall be reasonably clean, sound, reasonably free from other grain, but not bright or plump enough to be graded No. 1, weighing not less than 48 pounds per measured bushel.

*Number 3 Extra Canada Western Six-Row Barley* shall be composed of 90 per cent Six-Row Barley equal in malting value to O. A. C. No. 21, shall be reasonably clean, sound and reasonably free from other grain, may include weather stained barley and weight not less than 48 pounds per measured bushel.

*No. 1 Canada Western 2 Row Barley* shall be composed of 95 per cent 2 row barley of the same variety or type and of equal value for malting purposes to Canadian Thorpe, shall be plump, bright, sound and clean, practically free from other grain, weighing not less than 50 pounds per measured bushel.

*No. 2 Canada Western 2 Row Barley* shall be composed of 95 per cent 2 Row Barley of the same variety or type and of equal value for malting purposes to Canadian Thorpe, shall be reasonably clean, sound, reasonably free from other grain, but not bright or plump enough to be graded No. 1 weighing not less than 50 pounds per measured bushel.

*No. 3 Extra 2 Row Barley* shall be composed of 90 per cent 2 row barley equal in malting value to Canadian Thorpe, shall be reasonably clean, sound, reasonably free from other grain, may include weather stained barley, and weigh not less than 50 pounds per measured bushel.

*By Mr. Lucas:*

Q. You call it No. 3 Extra. Would you leave the 3 C. W. as at present?  
—A. We come to the 3 C. W. after that, which may contain a mixture of both two-rowed and six-rowed barley; but these two grades may only contain either 2-rowed or 6-rowed barley.

Trebi Grades:

*No. 1 Canada Western Trebi Barley* shall be composed of 95 per cent barley of Trebi type, shall be plump, bright, sound, clean, practically free from other grain and weighing not less than 45 pounds per measured bushel.

*No. 2 Canada Western Trebi Barley* shall be composed of 95 per cent barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grains, but not bright or plump enough to be graded No. 1, weighing not less than 48 pounds per measured bushel.

*No. 3 Extra Canada Western Trebi Barley* shall be composed of 90 per cent barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grain, but may include weather stained barley and weigh not less than 48 pounds per measured bushel.

Then we come to 3 C. W. Barley.

*By Mr. Lovie:* (Not a member of the Committee).

Q. Why did you give a lower standard in weight to Trebi than to O. A. C.?  
—A. It was felt that owing to the fact that most of the malsters here in Canada particularly do not care very much for Trebi barley we thought we might be a little more lenient with it. That is a matter for discussion.

[Mr. Follitt.]

Q. Take barley with a 48 standard, how will it sell in the Old Country where the standard is 56 pounds?—A. Barley is 48 pounds.

Q. In the Old Country?—A. Here it is 48.

Q. It is 56 for barley in Great Britain?—A. Yes, but here it is 48.

Q. How is that going to sell in competition with barley weighing 56 pounds to the bushel? Do you not think you had better set a higher standard here and try to aim at it?—A. Of course, when they buy our barley—as far as we are concerned we are selling it on the basis of 48 pounds to the bushel.

Mr. Ross (Moose Jaw): Is barley in the Old Country 56 pounds to the bushel?

Mr. NEWMAN: Yes. I have a paragraph here from a publication of the British Ministry of Agriculture and Fisheries. It is a report on the marketing of wheat, barley and oats in England and Wales:

These are the important factors in feeding and milling types of barley. The drier nature of imported barleys makes them more desirable for provender milling than home grown grain. Whereas the latter contains from 16 to 17 per cent of moisture, the imported kinds contain, as a rule, from 11 to 12 per cent. Home grown barley, however, has generally a higher bushel weight than imported barley. It is bought and sold, as a rule, on the basis of 56 pounds to the bushel, but on the average of the ten years, 1918-27, its natural bushel weight was estimated at 53.8 pounds. This might be compared with, say, No. 1 Canadian Western, the bushel weight of which is 48 pounds, and number 3, which has a bushel weight of only 46 pounds.

So the reason, apparently, for a greater standard there is the difference in the moisture content.

The WITNESS: When we are making our price on barley we are figuring on 48 pounds to the bushel.

Our suggestion for No. 3 Canada Western Barley is:—

*No. 3 Canada Western Barley* shall be Barley which is not pure enough as to variety or free enough from other grain to be classed in the preceding grades. It shall be reasonably clean and weigh not less than 45 pounds per measured bushel.

*No. 4 Canada Western Barley* shall include damaged Barley, weighing not less than 42 pounds per measured bushel. It may contain 15 per cent wild oats or wild oats and seeds, or 10 per cent of other domestic grain; it shall not contain more than 3 per cent of seeds.

*Feed Barley* shall include all barley excluded from the preceding grades on account of light weight or mixtures. It may contain 25 per cent of wild oats or wild oats and seeds or 20 per cent of other domestic grain; it shall not contain more than 5 per cent of seeds.

Now, that grade we have suggested for 3 C.W. Barley as against our present 3 C. W. Barley, which reads as follows:—

*No. 3 Canada Western Barley* shall be reasonably clean and reasonably free from all other grain; shall include weather stained and slightly shrunken but sound barley and weighing not less than forty-five pounds to the bushel.

*No. 4 Western Canada Barley* shall include all damaged barley weighing less than 45 pounds to the bushel.

*By Mr. Coote:*

Q. Does it make provision for wild oats and weed seeds like your new definition?—A. No, I have read it just as it is stated in the Act.

Q. That is the lowest grade of barley?—A. No, we have feed barley and rejected barley. I believe that is set by the Grain Standards Board. There is no definition for feed and rejected.

*By Mr. McMillan:*

Q. What do you mean by "reasonably clean"?—A. That is largely left to the discretion of the Inspector.

*By Mr. Steedsman:*

Q. What is the idea of using the term "reasonably clean" rather than giving the percentage?—A. The reason for that is that the Inspection Department do not like to be tied down to say that there shall be one and one-half or two per cent; they like to have it so they can go a little over or under as they see fit, and I believe it is a fact to-day in connection with grades of other grain, wheat or oats that they have a great latitude, and they get that by using the words "reasonably clean".

*By Mr. Coote:*

Q. There is so much in the definition that I do not see why we should make it any worse?—A. If you have to go over all your grades in the Grain Act—

Q. I would like to ask the witness if there are any grades defined in the Grain Act which allow for three per cent of weed seeds in any grade that is defined in the Canada Grain Act?—A. I do not know just off hand.

Q. Would you care to give us any reason why we should place a definition in the Grain Act under which 3 per cent of weed seeds would be allowed in any grain?—A. I think the Committee were of opinion that even with that leeway there would probably be very little barley that would get into that grade.

Q. In wheat, for instance, we call that dockage. Why not call it dockage? Then the barley would be graded free with so much dockage?—A. That would be the way this would work out if you had barley with 3 per cent weed seeds, or say, No. 2 Barley, 3 per cent weed seeds, the terminal would have to clean out your seeds and the farmer would still get his high grade barley.

Q. My point is regardless of what the barley is graded, why should anybody that is buying barley have to take seeds? Why should you pay a man for barley when it is 3 per cent seeds?—A. The man that is buying barley will only pay for his clean barley.

Q. Not if your definition is adopted.

*By Mr. Donnelly:*

Q. These varieties of barley are only used as feed?—A. In the Canada Grain Act?

Q. No.—A. No, they will take care of malting barley—the barley that will be composed of 95 per cent 2-rowed barley.

Q. You do not include a certain number of seeds in that, do you?—A. No, there are no seeds in that.

Q. And the ones you include?—A. They would be only feed barleys.

*By Mr. Coote:*

Q. But black weed seeds are not feed at all; they are refuse; some of them are even poison; they are not fit to feed to anything. Why should a man be paid for this?—A. What are you going to do with this stuff that is grown and has this percentage of seeds?

[Mr. Folliott.]



Q. I would grade it as barley, but I would not allow those weed seeds to be counted as barley. It seems to me that if your definition is adopted they would have to be called dockage by the Inspector.—A. I do not think the elevators at the terminals have the proper facilities for cleaning barley to that extent.

Q. For instance, if farmers in Ontario want to buy our western barley, I do not think they should be compelled to take these weed seeds in the barley; they should never go to a farm at all. Those weed seeds should never get out of the terminal elevator.—A. Well, of course, as far as the percentage of seeds is concerned, as we have suggested, the price will take care of it. A man buying that barley should know there is a certain percentage of weed seeds and naturally he would base his price on that basis.

Q. Quite so, but another man who was delivering barley which is feed with no weed seeds knows that the price he is going to get has got to be based on the other.—A. I think if he had delivered barley without any weed seeds he would get a better price.

Q. Not if the other conditions were considered. I do not think we should encourage the growth of weed seeds.—A. What are you going to do with a man who unfortunately has got this class of grain?

Q. His sample would be graded that with 3 per cent dockage, and when it went to the terminal the dockage would have to be taken out?—A. I think, so far as the Committee is concerned, that probably would suit them.

Q. You think it should suit them?—A. I think that would probably suit them.

Q. I think it would be very poor practice for us to allow a definition of any grade to state that that grade contained 3 per cent of weed seeds.

*By Mr. Ross (Moose Jaw):*

Q. Are you shipping this class of barley in competition with other barleys that do carry weed seeds; is that the reason that that is in?—A. We are shipping this feed barley right along.

Q. Are you shipping it in competition with other barley which does not carry a high percentage of weed seeds?—A. Yes. One of our big competitors in barley is the United States barley and that may contain nearly anything.

*By Mr. Donnelly:*

Q. Is there any low grade barely without weed seeds?—A. I don't think so. There may be a certain amount, but the inspection department tell me it is due to the fact that it contains wild oats.

Q. How will you get your wild oats out of that?—A. Outside of the feed barley I do not think you will get them out. Eventually you may get facilities which will take them out, but I do not think you have them now.

*By Mr. Ross (Moose Jaw):*

Q. Is not the trouble on your out-turns, that you cannot get rid of them?—A. That is part of it.

Q. It is not in the grain coming in?—A. It is the out-turns. If you do not allow that grade you cannot ship barley with 3 per cent weed seeds. You will get all of this stuff, and you might as well throw it in the lake.

*By Mr. Coote:*

Q. We would be better off if we did, would we not?—A. If we can sell this to a man in Germany, for instance, who can use it and get some value from it for our farmers is that not an advantage. We are spending thousands and it will soon be millions of dollars to combat the weed seeds, and there are very

strict regulations in regard to the shipping of them.. Take the refuse screenings, which are the cleanings after the grain is cleaned, and you cannot market that in Canada, but we find a very good market for it in the United States. They are glad to get that stuff.

*By Mr. Ross (Moose Jaw):*

Q. Would you have to make provision for allowing the shipments of grain with so much dockage in it?—A. I do not think it matters much what you call it as long as you have a provision that it can be shipped with a certain amount of dockage.

*By Mr. Coote:*

Q. If one man raises barley which cannot be graded anything but feed, but which has practically no weed seeds, he has more feed value than barley with 3 per cent weed seeds in it. It would be much better to have that barley sold as feed barley than to have it go as 3 per cent; that is, if we decide to allow the certificate to cover barley with 3 per cent seed in it?—A. The barley would not go out with 3 per cent in it; the elevators would have to clean it down.

Q. Why?—A. Because they would have to ship out clean barley.

Q. Not under your definition. They could ship a car of feed barley to Ontario containing 3 per cent of seed, and I am not sure that that would not be a very good practice.—A. That is right, yes.

*By Mr. Fansher (Last Mountain):*

Q. What is considered as weed seed when speaking of barley? Wheat, rye, oats and so forth?—A. No, that would be classed as "other grains". It would be wild oats, and big weed, which are specifically mentioned. I might just say in connection with these grades that we had this matter up with the inspection department, and I notice here they make a note with regard to seed barley. It says "The percentage of dockage to be set to be left off until further inquiries are made as to the amount which can be properly cleaned with the facilities." That is the inspectors' suggestion. I believe with the present facilities it is quite impossible to clean this barley.

*By Mr. Garland (Bow River):*

Q. Then why not allow for a 3 per cent dockage in your description?

The WITNESS: What do you think of that, Mr. Newman?

Mr. NEWMAN: I would say that this matter was discussed at considerable length with the inspection people. In answer to Mr. Coote's question, which is very well taken, I would say that the reason why in the suggested wording of No. 3, Canada Western grade, we included a specific percentage of wild oats and so on, was that it was thought desirable to make that actually a little higher grade than the present 3 C.W., because the present 3 C.W., while not stated in the Act, in actual practice may contain a larger percentage of wild oats and other seeds than is specified in this revised wording. That question was discussed, and we fought over that for a long while, as to whether or not it would be wise to state definitely the percentage, or whether to leave that percentage out entirely, as Mr. Garland (Bow River) suggests, and simply put in the words "reasonably clean", reasonably free from other domestic grains. The inspection department is not desirous of having the percentage specified, as has been explained before.

[Mr. Follitt.]

*By Mr. Coote:*

Q. I think it would help to clarify the situation if the definitions of No. 4 C.W. and No. 3 could be read again.—A. (Reading):

No. 4 Canada Western Barley shall include damaged Barley, weighing not less than 42 pounds per measured bushel. It may contain 15 per cent wild oats or wild oats and seeds, or 10 per cent of other domestic grain; it shall not contain more than 3 per cent of seeds.

Mr. COOTE: My objection is this, that I might grow barley which was reasonably clean, but was damaged by frost or other conditions, and have no wild oats and no weed seeds. Is it reasonable to suppose that that barley is not worth more than another sample of similar barley which contained a large percentage of wild oats and a large quantity of weed seeds?

Mr. ROSS (Moose Jaw): Mr. Newman, in feed wheat there is no dockage?

Mr. NEWMAN: No.

Mr. ROSS (Moose Jaw): It goes up to a certain point and then turns into screenings?

Mr. NEWMAN: Yes.

Mr. ROSS (Moose Jaw): There is no definition in the Act as to how much dirt it can carry? You can carry 10 or 15 per cent and still have feed wheat?

Mr. NEWMAN: That is correct.

Mr. COOTE: May we have the definition of feed barley?

The WITNESS: (Reading):

Feed Barley shall include all barley excluded from the preceding grades in account of light weight or mixtures. It may contain 25 per cent of wild oats or wild oats and seeds or 20 per cent of other domestic grain; it shall not contain more than 5 per cent of seeds.

The reason we get such a good price for our wheat is that the standard is kept up; it is not feed wheat for which we get the good price, but the high grade wheat. We are interested in getting this type and grade for the two and six row barley. I think they would be willing to let the three and four feed barley stand as it is. We are not interested in that at all. We want a grade to take care of the two and six row barley. In wheat, the standard is high and we want a high standard for barley, so we can get the barley binned and stored in the terminals which will allow us to try and take care of the export market which there is for high grade barley. The Committee is not really interested in feed barley, but I would say this, that as far as the marketing pool for the barley is concerned, we have an awful lot of feed stuff to take care of. We do not want to do anything that would knock our markets for this feed stuff. I do not think you can get away from it entirely. You can put on all the regulations you like, but in western Manitoba there will be all kinds of grain grown with wild oats in it, and it must be disposed of some place. It may be bad business for the Dominion that the farmers grow this stuff, but they grow it, and we must take care of it. We are vitally interested, however, in getting a grade for two and six row barley.

*By Mr. Coote:*

Q. I cannot understand why this Committee should favour a very stiff grade for a good barley and make such a low standard for feed barley.—A. Our object in that was to give the farmers something to strive for. At the present time the grades of barley are outlined in the Canada Grain Act, and there is nothing for them to strive for. They grow a good two row barley, and what



happens to it? It goes down to Fort William and is all mixed up, and it does not give the farmer the opportunity of putting his barley in such shape that he can market it the best. We are striving to get a grade that will permit him to have it binned separately, and be able to take advantage of the markets which may develop.

Q. I quite understand that, but so far as I am concerned I certainly will not agree to the suggestion which you make with regard to feed barley.—A. We are willing to let the Canada Grain Act stand as it is.

Mr. BURNELL: Mr. Chairman and gentlemen: I just wanted to stress the importance of this especially in our province of Manitoba where we are growing now more barley than we are growing wheat on account of the severe epidemics of rust that have obtained in recent years. During this last summer our Manitoba government has set aside some ten thousand dollars for investigation into malt barley, and we have in Manitoba a Special Manitoba Barley Committee. Our Canadian wheat pool also has spent considerable money in investigating this subject, and we have at the present time obtained the release of Professor Harrison from the Manitoba Agricultural College for a while, and Professor Harrison and our Vice-president, Mr. Bredt, are now in Europe investigating markets in connection with our barley in Great Britain and on the Continent. As one of the Committee remarked, I do not see how there can be any exception taken to these grades, as to a good many special grades that will segregate malt barley. Our difficulty in the past, in getting attention on the part of farmers to the improvement in the matter of growing a better and cleaner barley, has been that we just practically had the one grade in which to try to better the class of barley, and it all went practically for feed. I would ask you to proceed with caution about those other grades. I wish we had one of our technical men here who is in charge of the operation of our terminals. As a farmer and as one who has helped to handle considerable grain for five years I think there are some great difficulties in the way if you try suddenly to do away with all the weeds in Western Canada by Act of Parliament. Our organization has always been trying to get the farmer to pay strict attention to the quality of this grain, and we are willing to do all in our power to eliminate this weed menace and also to get the farmer to grow the kind of grain that the market demands and the quality that will obtain, so that we can always have a premium from other countries on our grain. In our country elevators in Manitoba, of which we have one hundred and forty-three at the present time, we have equipped all our new elevators that have been built during the last four years with the best type of cleaner that we can get, but there are some great problems in the cleaning of barley. We have a rotary Emmerson cleaner, and during the last year we are experimenting in some of our elevators in districts where they are growing mostly Trebi barley—we are experimenting with a new rowell in these cleaners in order to enable us to take the wild oats out of Trebi barley. Trebi, I might say, as you noticed in the picture furnished by Dr. Newman, has a longer kernel than the other barley. They have considerable difficulty in separating Trebi and Durum wheats and also Trebi and wild oats. We are doing all we can as a farmers' organization to get the farmers to pay attention to quality, and we are doing all we can to clean up this grain, but we have some considerable difficulty when we come to the terminals. Most of our terminals were built some years ago. We are limited with regard to space, and you cannot change those terminals over night or build the required space suddenly. So they have some difficulty there in the cleaning of this grain. We are doing all we can by way of education of the farmer. We propose doing with barley as we have been doing with wheat—encouraging the growing of different things at every point in the province to find out the varieties which will do best in each district.

[Mr. Burnell.]

In considering anything in connection with our grain, I would ask the Committee to kindly remember the large amount of money involved if we can in any of these grains just increase the price of them a few cents per bushel. If we could increase the price of all our grain by five cents a bushel in Western Canada we would put considerably over \$50,000,000 into circulation in the three prairie provinces. I simply wish to say again that as a pool we are trying to do all we can on our side, and we are simply asking you to make this Act in accordance with what we find we need to attain these ends.

Mr. GARLAND (Bow River): There is no doubt now that Manitoba has turned its attention so heavily to barley growing that they have to consider the problem of street barley. It will be, I gather, at the outset difficult to find elevatormen sufficiently acquainted with the characteristics of the barley, the two-row barley as distinguished from the six-row barley. They will find it difficult to tell one from the other. I presume, at least, you will be dealing only in quantities at Fort William?

Mr. BURNELL: We have been handling street barley for some considerable time.

Mr. GARLAND (Bow River): Under the new definitions, when you are separating the two-row barley from the six-row barley, the average elevator agent buying that on the street will not be able to tell the difference between the two-row barley and the six-row barley.

Mr. BURNELL: I do not know whether the Committee went into that.

Mr. GARLAND (Bow River): He will be mixing the two-row barley and the six-row barley in a bin.

Mr. LOVIE: There would be no incentive to keep them separate.

Mr. BURNELL: I would sooner that some of the technical men would answer that. I am not a grain grower.

Mr. GARLAND (Bow River): How much barley is sold on street, roughly; what percentage?

Mr. BURNELL: Usually I think about the same percentage as wheat—about five per cent, roughly speaking.

Mr. COOTE: I would like to ask Mr. Burnell whether he thinks it is really necessary for us to allow in a definition of any of these barleys for a certain percentage of weed seed?

Mr. BURNELL: I think there is really a mechanical difficulty—the difficulty in cleaning the grain and getting it out of the terminals without those weed seeds in it. You have to remember that these are the lower grades with which you are dealing. We have the other grades of barley which are clean and true to type.

Mr. BEAUBIEN: Suppose you change the definition in regard to three and four as Mr. Coote has suggested in regard to weed seeds, are you not going to create a situation in Manitoba that is going to be impossible.

Mr. BURNELL: It looks to me—I have not heard that part of it discussed before—but it looks to me, just looking at it suddenly, that you are creating a situation that will be impossible because there are millions of bushels of grain grown that contain wild oats and I cannot see how the terminals can clean them all out under present day conditions.

Mr. BEAUBIEN: I am making a statement that in the Red River district most of the farmers are using barley as a crop in order to clean their land of the weed menace, and if you are going to summer fallow your land all the time your revenue is going to be small, so they use barley to clean their land. At the same time, there will be a lot of weeds.

Mr. BURNELL: Of course, summer fallowing will not eliminate wild oats all the time.

[Mr. Burnell.]



Mr. C. D. McFarland, called.

The WITNESS: I do not know what to say, because the ground has been covered by the other speakers. As a Company, of course, we are interested in the higher grades, mostly the grades which will now be 1, 2 and 3 extra. We have been very much in favour, of course, of changing all the grades because we believe that it will bring us a better class of barley for our malting purposes. As it is now, it is not difficult for us to sell, but in some places when it goes into the terminals at Fort William, we get this mixed two-row and six-row, and anybody who is a maltster knows it is almost impossible to make good when the two are mixed.

*By Mr. Lovie (Not a member of the Committee):*

Q. Which would you sooner have, the two or the six for malting?—A. Well, we can use a certain quantity of both. We use a larger quantity of the six-row barley because of the demand of our trade. We have a certain trade, and a larger proportion demands the six-row.

Q. It is really more valuable then?—A. Yes. Well, I would not say it is more valuable, but we can take larger quantities. Still there has not been very much two-row that has been offered for sale—that is, pure two-row passing from Winnipeg that has not been taken care of.

Trebi is another barely which is in the same manner—when I say a six-row I mean O.A.C. 21. We have been working on the definitions of barley throughout Canada for the purpose of growing a better barley for a good many years, and we have separated the varieties. We can take several varieties and have the varieties separate; and we have been working along those lines for years, and, in fact, we are spending a lot of money. We selected a fairly good O.A.C. 21 from Manitoba. We bought it at Fort William and sent it back to Calgary for distribution in the province of Alberta where the seed was rather scarce this year. We are doing that work at a big loss, and the same with the seed barley which we have been distributing and assisting in every way. Our great point is variety, and we believe that these grades will help a great deal. We anticipate that the barley which we are now getting will come under the three extras, and we hope to get a good deal of number 1 and 2, a large premium will be paid.

I do not know if there is anything more that I can say, because the whole thing has been covered by the other speakers—all the points which I think of have already been pointed out; but it seems to me that the Committee seems to be almost unanimously in agreement that it would be a good idea to put through these better grades in which we are more vitally interested than the feed grades. They do not interest us at all.

*By Mr. Lovie (Not a member of the Committee):*

Q. Would it not be wise to mention the fact that barley is sometimes turned down on account of being threshed too closely?—A. Of course, we have been trying to spread that throughout the country in literature. We have been issuing pamphlets by the thousands and spreading them over the country. That is one thing we are stressing, regarding the growing of better barley for malting purposes. We have a copy of that here. These are the pamphlets we have been spreading all over. We have to make the reading different for the different provinces—making it apply to some of the conditions—and also in the province of Quebec, we print it in the French language, and we stress that one point regarding threshing too closely. Of course, it destroys the barley for malting purposes.



Dr. GRISDALE: Mr. Chairman, here is a suggested amendment or change that would be called Number 3, C. W. Barley:

*Number 3 C. W. Barley* shall be barley composed of any variety or type or combination of varieties or types, shall be reasonably clean and reasonably free from all other grain, may include weather stained and slightly shrunken but sound barley and weighing not less than 45 pounds to the bushel.

Mr. NEWMAN: That is essentially the same as it now stands in the Act. The wording is slightly different, but the substance is exactly the same. It says:

*Number 3 Canada Western Barley* shall be reasonably clean and reasonably free from all other grain; shall include weather stained and slightly shrunken but sound barley and weighing not less than 45 pounds to the bushel.

We suggest a reference to the mixture of barley types in view of the fact that in the preceding grades we specified that there must not be any mixture of types.

The CHAIRMAN: What about feed?

Mr. NEWMAN: As it stands in the Act No. 4. Canadian Western shall include all damaged barley weighing less than 45 pounds to the bushel. If we exclude any reference to weed seeds contained there will be no necessity for making any change.

Mr. FOLLIOTT: I think it would be advisable to have some difference between three and four as far as weight is concerned.

The CHAIRMAN: Mr. Burnell, you are making representations to the government about your suggested changes and your amendments to the Grain Act, are you not?

Mr. BURNELL: I do not know whether we have to make them to this Committee or to the government. We saw four of the Ministers—Mr. Malcolm, and three other Ministers, and we discussed all the problems we have here, and they suggested that we tell the Agriculture Committee what we wanted. I do not know just what shape that is in.

The CHAIRMAN: If you are not making them to the government—if you are making them to the Committee you will leave your suggestions with the Committee.

Dr. GRISDALE: Is the Committee prepared to accept this amended grade 3 and the amended feed as it is?

Mr. GARLAND (Bow River): I have no objection except as to the looseness of the phraseology "reasonably clean", and so on.

Dr. GRISDALE: That is in the Feed?

Mr. GARLAND (Bow River): Yes.

Mr. BEAUBIEN: Mr. Newman, suppose you eliminated in the lower grades the percentage of weed seeds; if I come to the elevator with that percentage of weed seeds, my barley would be graded as screenings, would it not, if I cannot come up to the standard of feed barley? So you eliminate the weed proposition.

Dr. GRISDALE: In the case of this 3 C.W. it does not mention weeds at all; it says, "reasonably free from other grain".

Mr. COOTE: Suppose it had five per cent; would it not be graded 3 C.W., 5 per cent dockage? Is there any objection to that, adopting the suggestion as it is?

Mr. NEWMAN: I do not think so.

Mr. COOTE: We do not need to specify anything about dockage; that would follow as a matter of course.

[Mr. McFarland.]

Mr. NEWMAN: Grade 4 reads in the Act:

No. 4 Canada Western barley shall include all damaged barley weighing less than 45 pounds to the bushel.

Mr. COOTE: Yes, but the Committee suggested a change.

Mr. NEWMAN: It had suggested a change. It would include a reference to weed seed, and we would be quite willing to eliminate that from grade 4 in the same manner as in grade 3, so that there would be no perceptive change in the Act.

Mr. COOTE: The pool representatives suggested the change of weight per bushel.

Mr. NEWMAN: In number 3 the minimum is 45 pounds; in number 4, it is suggested that the minimum be 42 pounds.

Mr. COOTE: Are the Committee amending their report so that number 4 will change the weight to 42 pounds to the bushel, and will eliminate all reference to weed seeds.

Mr. NEWMAN: That is what we have taken—

Mr. COOTE: It would be the same as the present definition, excepting the weight?

Mr. NEWMAN: Excepting the weight. We think it better to make a little difference in the weight between 3 and 4.

Mr. COOTE: As regards feed?

Mr. NEWMAN: Feed is not in the old Act; but it has been suggested that there be a grade: "feed barley shall include all barleys excluded from the preceding grades on account of light weight or mixtures. It may contain 25 per cent of wild oats or wild oats and seeds or 20 per cent of other domestic grain; it shall not contain more than 5 per cent of seeds." Feed barley shall include all barley excluded from the preceding grades.

Mr. BURNELL: Then we put all barley with wild oats into feed.

Mr. McMILLAN: My understanding is that you have regulations to deal with that seed even in seed grain—even in your higher grain as well as in your feed. What is the object of excluding any reference to weed seed in your lower grade?

Mr. NEWMAN: The objection has been raised that it is inadvisable to recognize or permit by law the inclusion of a specific percentage of weed seeds in the grade.

Mr. COOTE: Mr. Newman, would not this be the case that feed barley going forward with 20 per cent of wild oats would be graded as feed barley, dockage 20 per cent on account of wild oats?

Mr. NEWMAN: Yes.

Mr. FOLLIOTT: At the present time there is considerable barley which goes into graded barley and wild oats, or it might be barley, Durum and wild oats, or barley wheat and wild oats.

Mr. COOTE: It is practically a rejected grade?

Mr. FOLLIOTT: Yes.

Mr. COOTE: It will be for separation in the elevator?

Mr. FOLLIOTT: They are not usually separated; they are shipped out as sample shipments.

Witness retired.

The Committee adjourned until 4.00 p.m. Thursday, March 14, 1929.

## HOUSE OF COMMONS,

WEDNESDAY, May 15, 1929.

The Select Standing Committee on Agriculture and Colonization met at eleven o'clock A.M., the Acting Chairman, Mr. J. L. Brown, presiding.

The ACTING CHAIRMAN: Gentlemen, we are met this morning for the purpose of hearing Professor Harrison of the Agricultural College, Winnipeg and Mr. Bredt, a director of the Wheat Pool, in regard to barley grades. You will recall that at an earlier date, March 14th as a matter of fact, we had presented to us certain revisions of the grades of barley, but it seems that since that time investigations have been made in the Old Country by these gentlemen who have obtained certain new information, that they desire to submit for your consideration. We will hear now from Professor T. J. Harrison.

Prof. T. J. HARRISON called.

Prof. HARRISON: Mr. Chairman and gentlemen, at the outset I wish to state that any information I am able to give you will be largely the result of three months' study of the barley markets in Europe. This study was made possible by the generosity of the Canadian Co-operative Wheat Producers, Limited, who asked that I associate myself with one of their directors, Mr. P. F. Bredt in conducting an investigation to determine the possibility of securing a better market for Western Canadian barley. In the course of the investigation the markets in the largest barley importing countries were visited, namely, Germany, Great Britain and Northern Ireland, Holland, Belgium and Denmark. According to Bromhall, Europe imported 20,184,000 quarters of barley in 1927, of which the above named countries imported 19,017,000 quarters, or over 94 per cent. In these countries data and opinions were secured from the research workers, barley merchants and importers, manufacturers of barley products and consumers of feeding barley. In all statements were secured from 196 people, so that it is fairly conclusive.

Throughout the whole investigation the one thing that was most forcibly impressed upon us was that Canada was not delivering to this market barley in the condition that the consumers wanted. It has been stated that there are three parties interested in the marketing process, the producer, the middleman, and the consumer, and of these three the consumer is the most important. This is particularly true with barley, for the consumer has so many choices that the market is a "buyers' market," and not a "sellers' market," with the result if Canada is to extend or even maintain her sales she must offer what the markets require. To do this the grades offered must be adapted to the requirements of the trade.

I think at this time we had better take up the grades which have been suggested. Mr. Bredt and I have worked on this for a considerable time. A draft was submitted to the sub-committee on grades of the National Barley Committee. This sub-committee met yesterday afternoon, last night, and again this morning and they are suggesting some slight changes to those that were adopted or suggested at a previous meeting of the Agricultural Committee.

[Prof. T. J. Harrison.]



If you have copies of the evidence given on March 14th, you will find the suggested barley grades on page 4 of those "Proceedings," starting with No. 1 Canada Western Six-Row Barley.

The sub-committee now submits amended definitions of grades as follows:—

No. 1 Canada Western Six-Row Barley shall be composed of 95 per cent six-row barley of one variety or type, and equal in value for malting purposes to O.A.C. 21. It shall be sound, clean, practically free from other grain, plump, bright and weigh not less than 50 pounds to the bushel.

You will notice that we have raised the weight per bushel to 50 pounds. The reason for this is that at every place we visited one of the things mentioned by the buyers, manufacturers and feeders who had copies of the Act, "Here is your best barley, and it weighs only 45 pounds, while we are buying from the Danube barley that weighs 51 to 52," so that I think in all these grades we should endeavour to have the weight as high as we can and not exclude the good barley.

I may say that I have had the privilege of going over some of the inspection records at Winnipeg, and I found that the average weight of barley in the different grades from Winnipeg inspection records of cars shipped over the Canadian Pacific Railway lines from August 8, 1928, to September 20, 1928, are as follows:—

Range of weight of barley and average weight of barley in different grades from Winnipeg grain inspection records of cars shipped over Canadian Pacific Railway lines from August 8, 1928, to September 20, 1928:—

	No. of Cars	High	Low	Average
No. 3 CW .. .. .	746	57	44	49.90
No. 4 CW .. .. .	574	58	42	48.95
Reject .. .. .	440	54	41	48.70
Feed .. .. .	548	55	33	47.23
Barley and wild oats .. .. .	82	51	39	44.85

It will be noted that No. 3 C.W. has an average weight of almost 50 pounds per bushel. Therefore there should be no hardship in making the minimum for the highest grade 50 pounds.

No. 2 Canada Western Six-Row Barley shall be composed of 95 per cent six-row barley of one variety or type and equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, reasonably free from other grains but not plump or bright enough to be graded No. 1, and shall weigh not less than 49 pounds to the bushel.

This is an increase again of one pound per bushel, which we believe can quite easily be made with clean barley.

No. 3 Extra Canada Western Six-Row Barley shall be composed of 90 per cent six-row barley equal in value for malting purposes to O.A.C. 21. It shall be sound, reasonably clean, reasonably free from other grains, but may include weather stained and slightly shrunken barley and shall weigh not less than 48 pounds to the bushel.

There is 5 per cent of an increase in purity of type, because buyers of this barley in the Old Country do not want a mixture of Trebi with the O.A.C. No. 21 type. I do not think that will exclude very much barley as grown by the farmers. There may be some mixing in the country elevators, but if this regulation is in effect I do not think that will be a very serious thing, because it can be kept separate.

*By Mr. Lovie* (not a member of the Committee):

Q. Professor Harrison, I find an article in the *Free Press* this week which says:—

There does not seem to be a place in the British brewing trade for O.A.C. 21, as it has not the characteristics required in six-row brewing barley, and would have to compete in the two-row class, but would be so inferior to the two-row barleys that there would not be any demand for it.

A. Yes, that is quite true. We are speaking there of one phase of the trade; but not the complete malting trade, because barley is used also as malt in the malt extract, malt food yeast, vinegar and distilling industries, and in all those the O.A.C. No. 21 type is the barley they want. This is because O.A.C. No. 21 is high in diastase. I want to make that clear, Mr. Lovie. There is no place for O.A.C. No. 21 in the brewing trade, but there is in the other trades.

Mr. LOVIE: This article condemns the O.A.C., but that explains it.

The WITNESS: We do not want to condemn O.A.C. No. 21 because there is a place for them both it and Trebi.

Two-Row Barley:—

No. 1 Canada Western Two-Row Barley shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, clean, practically free from other grain, plump, bright, and shall weigh not less than 52 pounds to the bushel.

Two-row barley, if it is in a clean condition, will quite easily weigh up to 52 pounds.

No. 2 Canadian Western Two-Row Barley shall be composed of 95 per cent two-row barley of one variety or type and equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grains, but not plump or bright enough to be graded No. 1 and shall weigh not less than 50 pounds to the bushel.

The weight is 50 pounds or one pound higher than the grades previously submitted.

No. 3 Extra Canada Western two-row barley shall be composed of 90 per cent two-row barley equal in value for malting or pearling purposes to Canadian Thorpe. It shall be sound, reasonably clean, reasonably free from other grain, but may include badly weather stained and slightly shrunken barley and shall weigh not less than 48 pounds per measured bushel.

Our two-row barley may find a market in the pearling and pot barley trade in Great Britain. At the present time, because of a regulation passed by the British Ministry of Health, prohibiting sulphur bleaching of these products, Canadian barley cannot be used because it is composed of white aleurone and blue aluerone barley. They can only use that which is white

*By Mr. Lovie:*

Q. Will you explain the term "Pearling"?—A. Pot and pearl barley is the barley used in soups. The pearl barley is just a little whiter than pot barley. This market is estimated to consume around a million bushels in Great Britain. Since the passing of this regulation I am doubtful whether it uses one-quarter of that amount. It is essential therefore that we keep this grade with the minimum of blue aleurone, hence 90 per cent is as high a mixture as can be allowed. The weight in this grade remains the same.

[Prof. T. J. Harrison.]

Trebi: The Committee, after listening to our report, considered that there should be a No. 1, a No. 2 and a No. 3 Trebi. If you turn to the top of page 4 you will find these definitions. I may say that our reason for adding three grades of Trebi is that in the brewing trade there are two classes of barley used. There is the two-row barley and the six-row barley. The eastern counties in England and Czechoslovakia produce the best two-row barley, while Northern England, Scotland, Denmark and Poland also produce an inferior quality.

They use two-row barley in part of their mix and also about 15 per cent to 40 per cent of six-row barley. The best quality of six-row comes from California and Chili; the poorer qualities coming from the Mediterranean countries and from the Danubian countries.

O.A.C. 21 is not suitable for the brewing trade.

The Trebi looks very similar to the California bay brewing, to the Chilian brewing or forage and to the Mediterranean and the Danubian barleys, with the result that brewers and maltsters think there was a place for it in this trade. It would have to be improved to be equal to the best quality, but they thought there would be a limited market for it as it is. Therefore there should be grades made for it.

No. 1 Canada Western Trebi Barley shall be composed of 95 per cent Barley of Trebi type, shall be plump, bright, sound, practically free from other grain and weighing not less than 50 pounds per measured bushel.

That means the raising of the weight from 48 lbs. to 50 lbs. per bushel.

Mr. LOVIE: It is 45 pounds on page 4.—A. That is a mistake. That should have read 48 pounds. I think that was a typographical error.

No. 2 Canada Western Trebi Barley shall be composed of 95 per cent Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grains, but not bright or plump enough to be graded No 1, weighing not less than 49 pounds per measured bushel.

Again raising the weight one pound, for the reasons I have mentioned before.

No. 3 Extra Canada Western Trebi Barley shall be composed of 90 per cent Barley of Trebi type, shall be reasonably clean, sound, reasonably free from other grain, but may include weather-stained Barley and weigh not less than 48 pounds per measured bushel.

There is no change in that at all, excepting the purity is raised from 85 per cent to 90 per cent.

*By Mr. Lovie:*

Q. That would be a feed barley, then?—A. No. It would come in to the lower quality malting trade. I think there is a place for this even at present on the Old Country market. This is one thing you find, when you visit the different maltings, they do not all use exactly the same quality.

*By Mr. Millar:*

Q. Is the word "Type" used in the definition synonymous with "Variety"?—A. No, type may include many varieties. We have used the word Trebi for a type because that is best known with our own people.

In connection with these grades there is a preamble or suffix which should be included to define the term "sound."

"Grades Nos. 1, 2 and 3 Extra Canada Western Barley shall apply to barley that is of good utility value for malting purposes and for these grades, "sound" shall mean, free from frosted, sprouted, heated, musted, or artificially dried grain, and shall be practically free from broken, skinned, or otherwise damaged grain."



We have lost certain markets in the Old Country because artificially dried grain was placed in No. 3 Canada Western. The grain did not germinate more than 60 per cent, with the result that they will not buy Canadian barley at all. They state that if Canada will guarantee that she will send barley that does not include this unsound grain, they would be prepared to buy inside the Empire.

*By Mr. Garland (Bow River):*

Q. Is it not possible, Professor, to dry barley without spoiling its germinating qualities?—A. It is possible to dry it, because maltsters do dry it, but in actual elevator practice it is not probable. It has to be dried about 125° F. or 130° F. Most of our commercial grain is dried at a higher temperature than that, at 160° F. and higher.

In regard to the feed grades, we believe that in the first place the names of the grades should be changed. No. 4 is a feed grade, and still we have at the bottom of the list a grade that is known as Feed barley. When you talk with the grist millers and compounders of feed who grind barley, they are always confused as to feed grades and Feed barley. Therefore we think that the word "feed" should be eliminated as a grade, and this grade called No. 6 Canada Western. Another misnomer is the Rejected Grade. Rejected barley is distinctly superior to feed barley, but merchants on the Continent, and particularly Germany, could not sell "Rejected" barley because of the name. Therefore, instead of Rejected the grade should be called No. 5 Canada Western. In England and in Denmark they demanded a distinctly cleaner barley than we were delivering, because the wild oat hulls show up in the meal. You understand that over there all the feed, or practically all of the feed is sold to the farmer in the form of meal; and when he gets the meal and he finds in there the black oat hulls, he immediately thinks that the man who sold him the barley has mixed cheap screenings along with his barley. We have evidence of cases that have been taken up under the British Feeding Stuffs Act, where the meal was made from Canadian Feed barley with the result that in the proposed grades we are suggesting that you put some of the feed grades of better quality. Then on the Continent we found that No. 2 Federal, that is the American barley, just suited their demand. It weighs 46 pounds per Winchester bushel, while No. 4 C.W. our corresponding grade would weight about 42, according to the present definition. So that in making up the feed grades we have had in mind: first, that the No. 3 would suit the British and Danish trade. The No. 4 would suit the German, Dutch and Belgian trade, and Nos. 5 and 6 would be two grades lower that would take in the very poor dirty barley and might be sold as at present for mixing.

The definitions that we are suggesting are:—

No. 3 Canada Western Barley shall be barley composed of any variety or type or combination of varieties or types, shall be sweet, reasonably clean and reasonably free from all other grains, may include weather stained, immature, shrunken, slightly frosted and otherwise damaged barley and shall not weigh less than 47 pounds to the bushel.

*By Mr. Lovie:*

Q. That is a revision?—A. That is a distinct revision of what is printed there. These are the feed grades. You will find that the weight there has been raised from 45 pounds to 47 pounds to meet the United Kingdom demand, and the word "sweet" was put in so that they would be sure they were not getting musty or heat damaged barley.

No. 4 Canada Western Barley shall be barley composed of any variety of type or combination of varieties or types, shall be sweet, and may include damaged or stained barley and shall not weigh less than 46 pounds to the bushel.

This is put in to compete with Federal No. 2, and if you look at the definition of Federal No. 2 and this grade you will see that they are very similar.

No. 5 Canada Western Barley shall include damaged and badly weathered barley, and shall not weigh less than 42 pounds to the bushel.

No. 6 Canada Western Barley shall include all barleys excluded from the preceding grades on account of weight or admixtures.

Q. These are two new grades?—A. Yes. These are two new grades, to replace Rejected and Feed.

*By Mr. Gardiner:*

Q. What do you suggest for 1 and 2?—A. No. 1 and No. 2 are the two highest industrial grades.

*By Mr. Lucas:*

Q. Do 1 and 2 grades take care of any quantity of our present barley?—A. No. 1 and No. 2 would be like No. 1 Hard and No. 1 Northern in the wheat grades. Very little would grade No. 1, a small percentage No. 2, and the bulk of the industrial would grade No. 3 extra.

Q. That is where the great bulk of our barley would come?—A. That is where the great bulk of our industrial barley would come.

Q. Do you know that at the present time we scarcely know what 1 and 2 barley is in the West?—A. I think some would grade No. 2 in the proposed grades, and I believe with the proposed grades it would be an inducement for the production of better barley, and you would eventually get some into No. 1.

*By Mr. Garland (Bow River):*

Q. If you did not have the word "extra" in at all, you would be more likely to get more into No. 2. With the word "extra" in there there is always the temptation on the part of the local buyers to say, "Well, it is not quite a 2, it is a good extra, we will make it an extra 3 and let it go at that." I dislike the use of the word "extra" in grading of any kind.—A. The Committee considered that point very carefully. The reason for retaining the grade names No. 3 Extra and No. 3 is that both feeders and manufacturers have been buying No. 3. It is used for feed in England and in Denmark. They also use some for a malt extract. So that we retained those two names for the sake of the trade, and we call the better quality of the old No. 3 by the new name No. 3 Extra. This will be used in the malt extract and distilling trade. The poorer or feed quality will still be known as No. 3.

*By Mr. Lovie:*

Q. Have you cut out the word "rejected" there?—A. The word "rejected" and the word "feed" are both cut out, and No. 5 and No. 6 Canada Western have been substituted.

*By Hon. Mr. Motherwell:*

Q. Professor, I was wondering how you were going to keep those grades separate after you grade them unless they were specially binned. I know there is a difference between No. 2 barley and No. 6 barley, and all that, but would it not be necessary to keep them separately binned before assurance can be felt that they are not going to be blended?—A. That goes without saying, Mr. Motherwell, that they must be kept separate in the terminal elevators.

[Prof. T. J. Harrison.]

*By Mr. Garland (Bow River):*

Q. Does that not imply almost a special inspection staff to take care of the barley grades and the barley inspections?—A. I am not prepared to answer that, but Mr. Fraser, your Chief Inspector, is here. He is a member of our Committee, and I would rather that he speak for himself.

*By Mr. Millar:*

Q. Would you say, Professor, that it seems to be a common characteristic of our barleys to be lighter in weight per bushel than the other barleys that you are speaking of, the Americans and those others?—A. I have not weighed these barleys and I do not know. But I do know this that our definitions are all stated to be much lighter. I do not think that that means that our barleys weigh any less. I think that you will find that the weight has not been a factor in grading.

*By Mr. Donnelly:*

Q. Can you tell us which way our barley goes out at the present time? We were in Montreal the other day, and from what we saw there it would seem that practically none of our Canadian barley goes out through Canadian ports?—A. I am not a shipping expert, and anything that I would give you would just be an opinion. My opinion would be, from shipments which we send overseas, that a great deal of our barley goes out through American ports.

Q. Does it go out with the Canadian certificate, or with the American seaboard certificates?—A. It goes out in a peculiar way. The barley required for feed in Germany is of the Federal No. 2 quality. Last year, this barley was affected by a disease commonly known as "scab." That scab makes pigs sick, with the result that the German Government prohibited the importation of Federal No. 2. They could not import Federal No. 2. The feeders wanted Federal No. 2. Canadian barley was on the market, so Canadian barley was imported into Germany mixed as follows: about a third of Feed, a third Rejected, and a third No. 4 C.W. It goes out from American ports under a private certificate known as Federal No. 2 Canadian Origin. A large amount of our barley goes into Germany in this way.

*By Hon. Mr. Motherwell:*

Q. That diseased barley you speak about was supposed to be of American origin?—A. Oh, yes, American origin.

Q. It is admitted that this diseased barley came from the United States?—A. Oh, yes, there is no doubt about that.

*By Mr. Bancroft:*

Q. In all these grades, you have used the term "reasonably clean." Now, being a Manitoba man you know that there are some very good samples of barley grown, with a lot of wild oats in it. That barley is grown on dirty land purposely to clean that land up. What would happen to that? It might be a good enough sample to go into No. 2. We sell it with wild oats in it, and it might not be quite clean, that is, reasonably clean. Would that have to go away down into Feed barley?—A. That is a matter that we have considered at some length and there is considerable difference of opinion as to the amount of wild oats that can be removed by the cleaners in the terminals. There is a clause in the Act at the present time which says that the inspector may place dockage on any grain to bring it into that grade. Now, if they find that they can clean out 3 per cent it can be cleaned into that grade, or if they find that they clean out 5 per cent it can be cleaned into that grade, but that is something that has to be investigated as to how much can be cleaned out economically in the terminal elevators.

Q. We will have to talk to Mr. Fraser about that?—A. Yes.



*By the Acting Chairman:*

Q. It will require a reorganization of the whole barley system, the handling of barley, to bring it more into line with the practice with regard to wheat, it is something that will require a great deal of attention?—A. Yes, if you are going to supply what the market demands over there.

Q. The probabilities are that we will have to increase the handling facilities and the storage facilities, in order to take care of the different grades, to a large extent?—A. I do not know anything about that.

The ACTING CHAIRMAN: Any further questions?

*By Mr. Donnelly:*

Q. From what you say, I understand that our barley has never established for itself a name in the world's markets, and we are shipping our barley under American seaboard certificates, and your object in starting these grades is to establish a world's market. Is that a fact?—A. Yes. I would not say that our grain was entirely going out under seaboard inspection. There is barley going over there under Canadian certificates and sold as certificate final. The reputation which Canadian barley has is that it is the poorest barley produced in the world.

*By Mr. McMillan:*

Q. On account of it being mixed with American scab?—A. I did not say that it was mixed with American scab.

*By Mr. Lovie:*

Q. What about weed seeds in the feed grain? Are you going to allow any?—A. We decided that there should not be more than 3 per cent black seeds in the feed grain;  $1\frac{1}{2}$  per cent in No. 3, and then 3 per cent in the lower grades.

Q. Why not take it all out? It is easily taken out.—A. Well, we have gone a long way when we get it down to 3 per cent. Mr. Bredt has been over with me, or rather I with him, on this investigation. He is a director of the Canadian Wheat Pool and I know that he has some things he would like to bring before you.

The ACTING CHAIRMAN: We will hear Mr. Bredt.

Witness retired.

PAUL F. BREDT called.

The WITNESS: Mr. Chairman and gentlemen; after what Professor Harrison has said about the malting grades, there is very little I can add. At the same time I would like to take just a few minutes to back up what has already been mentioned, and possibly add something to it. As a result of our investigation it has become absolutely clear to us that if we want to get into the higher trade, into the trade which carries the premiums we have heard so much about, it is absolutely essential that we change our Canadian grades. We have provided in the proposed grades for these changes. Wherever we interviewed people, either in Great Britain or on the continent, when it came to barley for brewing, for distilling, for malt extract, yeast purposes and any of the allied trades, it was always a matter of germination because unless the barley germinates and germinates practically 100 per cent it is useless for those trades. That means that we have to pay a great deal more attention to barley than we have ever done before, provided you want to get into the higher class trade. If you do not wish to bother with it, and do not consider it worth while, forget about these grades

[Prof. T. J. Harrison.]

and go on as you have done heretofore, and sell your barley as feed barley. But even if you do that, you will have to change your grades to a certain extent, in order to comply with the requirements of the various countries. I will take that up a little later, because that not only has reference to the objections of the feeders, the consumers,—but our grades as they are at present constituted, conflict with the custom regulations of at least two countries, Germany and Belgium. Professor Harrison has given you some figures as to export. The yearly imports of feed barley into Germany are between 70,000,000 and 80,000,000 bushels. It is the largest feed barley market in the world, and yet on account of our present grades we are practically excluded, and it has to go in through a side door.

Now, in so far as these industrial grades are concerned—or call them “malting grades” if you like—to insure germination it is not necessary to state in the Act or in any regulations germination is guaranteed. They want to have germination assured or guaranteed by excluding the damaged grains, which are frosted, sprouted, heated, musty, or artificially dried. They should also practically exclude broken or skimmed grain. Objection to our barley is that it is too closely threshed, and if it is, while it may germinate, it becomes mouldy too easily, and that is the main objection of the maltsters against this too closely threshed barley.

One point which has not been mentioned heretofore—and I am not in a position to lay down any hard and fast rules as to how it should be done, but I think it absolutely necessary that it should be brought before this Committee—and that is a matter concerning the top grades. Something should be done to exclude old barley from the new crop, because old barley if it has been kept for any length of time—and I think experiments will be necessary to determine the length of time and as to how long barley may be kept in our concrete tanks and still germinate sufficiently—is not satisfactory. The objection of the Old Country buyers is certainly against the mixing of the old and the new crop. We came across that, not only once or twice but dozens of times.

The matter of dockage was touched upon. Professor Harrison and I have discussed that at great length and we are of opinion that if at all possible, if the barley measures up to the standard set down in the 1, 2 and 3 Extra C.W. even if it does contain 8 or 9 or 10 per cent of wild oats, it should not be put into a feed grade, but the wild oats should be cleaned out. This may require special cleaning machinery, and there again it is practically revolutionizing your whole system of handling barley. If you are not prepared to do that, drop the grades. If you want to go into the higher trade, you will have to change it in a manner somewhat along the lines suggested.

*By Mr. Millar:*

Q. Mr. Bredt, what are the greatest uncontrollable factors which militate against the Canadian barley grower?—A. Professor Harrison will correct me if I am not right when I say that our climate, our soil and our growing season are certainly limiting factors so far as the production of the high class two-row brewing barleys are concerned. With our short maturation period, having dry, hot, sunny weather when the barley is forming and maturing, we get a hard, steely kernel. The high class brewing trade wants a kernel that is full, mellow and starchy. That is something which would have to be taken up by our experimental stations and agricultural colleges. Whether there are any sections in western Canada—and I am speaking only of western Canada and not of eastern Canada, because eastern Canada years ago produced a two-row barley which was acceptable to the malting trade in Great Britain—particularly suitable for growing malting barleys I do not know. In Great Britain and in Germany, where a great deal of investigation and research work has been

[Mr. Paul Bredt.]

done, there are certain areas which are particularly suited to the production of these high class types of brewing barley. I say again that our season, our soil and our climate are certain limiting factors, so far as the production of high-class brewing barley is concerned.

*By Mr. Lovie:*

Q. Why would you say that the soil was?—A. Because we know that the soil varies. There may be certain soils excellently suited for this production, but so far we do not know them. It is a question of making surveys and tests of barley from the various districts, because if other countries, such as Germany and England, have found that the location and the soil do make a difference, it will very likely apply to us in Canada as well.

*By Mr. Cayley:*

Q. What about the eastern Canadian barley—Ontario and Quebec?—A. I am not in a position to give you any information on that, because certainly in our travels we did not come across any of the Ontario barley. The barley that is suitable for malting and brewing purposes appears to be all used locally in Ontario.

*By Mr. Lucas:*

Q. What would be the premium secured for this high class barley over our average barley?—A. The premium secured for some of the highest type of Czecho-Slovakian and English eastern county barley was as high as 40 cents to 80 cents a bushel. They are absurdly high. We have endeavoured repeatedly to nail down maltsters or brewers to a statement as to why they pay these premiums, because based on the chemical analysis there is very little difference between this extremely high class type and the type that is being used, and for which they pay from 40 to 80 cents a bushel less, but the only definite explanation we have been able to get is, "We have found in the last forty or fifty years just exactly what the results are when we use this certain type of barley."

If we produce beer in millions in barrels, and send it over the country to be sold over the counter in pint glasses, each individual becomes a critic, and when he sees the least appearance of cloudiness in his glass of beer, he raises an objection. They tell us, "We know what we have been getting from the use of this high-class barley, and we are not going to take the chance of producing something that is not as good," and they tell us again that the actual cost of the barley is a comparatively small item in the total cost to the manufacturer, and that is why they are willing to pay these exorbitant premiums. But so far as Canadian barley is concerned, we can never hope for any such premiums. That is absolutely out of the question.

Mr. LUCAS: May I ask a question?

The ACTING CHAIRMAN: Mr. Bredt has been led away from his subject into a number of side-tracks. Perhaps you do not mind that, Mr. Bredt, or would you rather continue your statement?

WITNESS: I do not care which I do, as long as I give information.

The ACTING CHAIRMAN: We had better let Mr. Bredt make his statement, and then ask these questions.

WITNESS: I simply wanted to make this statement in connection with the top grades. There is one point I think should be brought out in connection with Trebi. The market for Trebi is a limited market. The highest estimate that we have been able to get from anyone in Great Britain is 15 million bushels. Professor Harrison and I are absolutely certain that it is at least 5 million bushels too high, and that it is more likely between 6 million and 10 million

[Mr. Paul Bredt.]



bushels per year. That is now being supplied by Californian Bay Brewing and by Chilian barley, and some of the Danubian barleys. We would have to compete with those.

At the present time Trebi is not acceptable, at least not to the highest class trade. It would have to be improved. In my opinion, the man who produces barley and chooses Trebi, if he produces the highest type and comes within one of these three top grades, he has an opportunity to possibly get a premium, but if he does not come within the three top grades, if it goes down into the feed grades, the thick husk that is characteristic of Trebi is objected to by the feeders.

Now, we are in this position: Trebi is being grown. Shall we make grades to take care of the high-class trade, or shall it be condemned? The market will be a limited one, at the most ten million bushels a year, as we have to compete as well with Chilian, Californian and Danubian barleys, and if it is over-produced it is liable to hurt the price of our Feed Barley, because it is too thick in the husk. We are not condemning the O.A.C. apparently. That is the impression the synopsis of our report published in the newspaper some time ago has given to some people. We simply make the statement that O.A.C. 21 or barley of that type has absolutely no place in the British brewing trade, brewing for beer-making. The O.A.C. type barleys have a distinct place in the distilling trade, malt extract, and some of the other allied trades, and O.A.C. barley in Canada locally is being used as a brewing barley. We are not condemning O.A.C., we are simply making the statement that it is not acceptable, or not useful, for the British brewing trade.

I want to go on from this briefly and say something about feed grades. Professor Harrison has mentioned that Great Britain and Denmark require a distinctly higher type of feed grain than our feed barley is, and they have been purchasing mostly 4 C.W. When we go into Germany, the biggest feed barley market in the world, we have 4 C.W., the next grade Rejected, and the next grade Feed Barley.

No. 4 C.W. is too high in quality for feed requirements in Germany; it is not too high in itself, but it is too high in price, and the feeders are not willing to pay that price. Rejected they consider is something that is condemned, and while rejected according to the regulations may only contain 10 per cent of wild oats, that is about the amount they are willing to take. They will not consider Rejected because they regard it as something that is condemned, and you cannot sell Rejected barley even with a Canadian certificate, in Germany, nor can you sell it in Belgium or Holland, which re-ship about 50 per cent of what they buy. They supply the west of Germany through the Rhine and the canal system that exists there.

No. 4 C.W. is too high, Rejected they will not consider, and Feed Barley contains too high a percentage of wild oats, up to 18 per cent. There is the objection of the feeder, who will not have it, it has too large a percentage of black oat hulls in the meal that is supplied. On top of that the German Food-stuffs Act prohibits the importation of grain that is not shipped as grown, and they maintain that our Feed Barley, when it is shipped with 18 per cent of wild oats—and it does contain 18 per cent of wild oats, is mixed to the minimum of the grade. On account of the high percentage of wild oats it will not be taken in at the Customs duty on Feed Barley, which is 20 marks per metric ton, but the rate on oats of 50 marks per metric ton will be imposed, and that actually shuts it out of the German market. Bear in mind that the German market takes 70 million to 80 million bushels per year of that Feed barley. When you go into Belgium there is no duty on barley imported into Belgium, but if barley or any other grain contains 15 per cent of oats or more, it does carry a duty of 6 Belgian francs per hundred kilos, and that duty of 6 francs per hundred kilos means approximately 9 cents a bushel, so you are shut out of that market too.

[Mr. Paul Bredt.]

Federal No. 2 Barley—that is the barley that has been going into Germany in millions of bushels—this Federal No. 2 may contain 10 per cent of wild oats, or oats singly or in combination, and it may contain a further 3 per cent of foreign material, seeds and other matter; it may contain  $15\frac{1}{2}$  per cent of moisture, and certain other requirements. But Federal No. 2 is a grade that exactly meets the requirements of the continental feeding trade. So when in the fall of 1928 trouble arose with scab in Federal No. 2 Barley, and they were prohibited from importing it, and Canadian barley, that is, Canadian barley Rejected and Feed had also been excluded on account of their admixture, too high an admixture of wild oats, it necessarily limited the amount of reasonably priced feeding barleys that were available to the German importers. About that time some Canadian and United States importers hit upon the expedient of making a private grade (that has been previously mentioned by our Barley Committee), mixing it to the standard of Federal No. 2 and sending it out as Federal No. 2, Canadian origin. Although the importation of Federal No. 2 American Barley is prohibited into Germany, they got this private notation on the seaboard certificate that it was of Canadian origin and it was accepted. So on December 21, 1928, the Bremen Association of Grain Growers—Bremen is the biggest feed barley market on the Continent—decided that only the following barleys might be purchased: Barley No. 2, Federal grade, certificates of origin from the States of Texas, Oklahoma, Kansas, Colorado, that is the Four State Barley referred to by Professor Harrison. Barley No. 2, Federal grade, Canadian origin, Rejected barley, Dominion standard and inspection, Federal Barley No. 2, Canadian origin is our barley mixed about one third 4 C.W., one-third Rejected, and one-third Feed Barley, and if that was too high in quality, some oat scalpings were put in. If it was not high enough in quality, you would have to reduce the quantity of feed barley and increase the amount of 4 C.W. It has been imported there under American certificate, but with a notation "Canadian origin," a private certificate. All over the Continent the Canadian inspection certificates enjoy an enviable reputation. We had statements from importers in Hamburg, Western Germany, Rotterdam, and Antwerp that they would prefer Canadian inspection. We are allowing it to masquerade, because we have not a grade that meets their requirements. The least we can do in order to have it go out under Port Arthur or Fort William inspection officially is to have grades that meet that situation. It is emphatically stated by these importers of Feed Barley on the Continent that they would buy that in preference to any other inspection, but at the present time we have ourselves to blame, in that we cannot open up our own market and get in our own grades, because we have not grades to meet the requirements of the feeder.

*By Mr. Donnelly:*

Q. Is that not the reason given for mixing at Montreal, the same reason you gave us there that they had to get American seaboard inspection?—A. That may be correct. I have been away for the last few months, and I have not been able to follow the evidence that has been given before this Committee. I am not in a position to say, but the fact remains that we do not have an official grade, and that gives the American exporters an opportunity to buy our grade and mix it. The point Professor Harrison and I objected to when we were on the Continent was this, that there are large stocks of the original Federal No. 2 Barley still available. They have made experiments so far as feeding is concerned, in the United States, and they know that in certain quantities and in certain percentages it can be fed off and used without any detrimental effects. There is no evidence, at least we have not been able to get any evidence that some of this infected American barley is mixed with this Federal 2, Canadian origin; but there is at least a probability that it is mixed.

[Mr. Paul Bredt.]



*By Hon. Mr. Motherwell:*

Q. Mr. Bredt, who originated that private certificate?—A. So far as we know, it was originated in New York by some exporters there,—a very ingenious plan. They could not export Federal No. 2 American origin; they wanted the Canadian barley, they liked the Canadian barley, and we did not have an official grade; and they bought our barley and mixed it up or down to that standard, whichever it happened to be; and simply by giving an intimation that it was of Canadian origin, it was acceptable to the Continental buyers.

*By Mr. Millar:*

Q. Do you know about when that practice originated?—A. Possibly I had better read you a statement which I obtained from the Bremen Association of Grain Importers. It gives various dates and has reference to the whole matter. "On account of the resolution of the meeting of the Association of November 10, 1926, and September 7, 1927, the members of the Association are obligated not to buy barley of lower grades than No. 2 barley Federal grade, government inspection, they may buy No. 1 to No. 4 Canada Western barley also with the addition of Tough, Dominion inspection. Owing to the condition of the American barley No. 2 it was decided on October 26, 1928, to import no more barley No. 2 and to exclude also Canadian Rejected or Canadian Feeding barley." So, on October 26, 1928, the importation of Federal No. 2 was prohibited. That referred both to Bremen and Hamburg.

*By Hon. Mr. Motherwell:*

Q. Did that arise out of the injurious effects which the barley had on hogs?  
A. Yes.

Q. Because there was no complaint as far as I could find against the barley in August?—A. No, because that is the 1928 crop, and that had not gone over at that time.

Q. It was the 1928 crop that created the difficulty?—A. Yes, the trouble occurred in connection with it. I think that is all that is necessary to read in that connection. Then it just goes on to state what I have read before. They allowed in barley from the Gulf States, Federal No. 2 Canadian origin; they also allowed rejected barley in Dominion Standard Inspection, simply because there was so little other barley that they could get. But rejected barley, which only contains 10 per cent of wild oats, is really equal to Federal No. 2. It is the name, in this case that they object to. Whatever the reason, rejected barley would not be a popular export grade.

Q. It is nearly as bad as "Condemned"?—A. It is as bad as "Condemned".

*By the Acting Chairman:*

Q. The name sounds bad.—A. Yes. Of course it is not a very happy designation "Rejected Barley". It is something they are unwilling to accept.

*By Mr. Bancroft:*

Q. Do you know Mr. Bredt, if in this mixture which went out from the United States Canadian barley would be mixed into that, or would it be all American barley?—A. We have samples of that barley, but there is no man living who would swear it was not all Canadian barley that it did contain, or that it contained a certain percentage of American barley. That is the unfortunate point about it; and that is the point which we raised with the German importers who accepted this. It is not an official grade; and if difficulty does arise with Federal No. 2, Canadian origin, if they mixed too much scabby barley, it is the reputation of Canadian barley which suffers, and it gives us a black eye.

[Mr. Paul Bredt.]



While we may have several barley diseases here, as Professor Harrison tells me, we never have scab affecting barley to that extent, and that is the objection. And if it came to a court action, they would not have any chance or opportunity to prove that it was not all Canadian barley, because it is just a private grade; and there is no man who could tell by looking at it or by examining it that it has been mixed with American barley. But the possibilities are that it has been so mixed, because the latter would bring a very very low price, and it would be profitable to mix it in certain quantities.

*By Hon. Mr. Motherwell:*

Q. If any more hogs die, they would be apt to take that as evidence?—A. Yes, surely.

*By Mr. Gardiner:*

Q. What Canadian barley did the Americans use?—A. 4 C.W., Rejected and Canadian Feed Barley, and mixed it in about the proportions of one-third of each, to bring it up to this Federal 2 standard, which calls for 10 per cent wild oats, and 3 per cent of other foreign material.

Q. That was all Canadian that was mixed?—A. Supposedly. If it was too high in quality, some oat scalplings could be introduced.

Q. Is there much barley going into the United States—did they buy much since?—A. Judging by the amount which goes out as Federal No. 2 Canadian origin, there must be quite a little going in.

*By Mr. Lovie:*

Q. What is the best barley to grow on summer-fallow for getting the best price?—A. I have my own opinion on that, but I would sooner let Professor Harrison answer that question.

Q. I would like to get an answer to that question, as to which is the best for summer-fallow. That is a pretty important question.

AN HON. MEMBER: The district I am in is getting badly infested with wild oats, but there is practically no barley grown. Have you any data as to the profit accruing from the growing of barley, as compared with the profit from growing wheat? You, being a farmer, have you any data which would be of use to another farmer?—A. That is a question which a professor in a college or an experimental farm could answer better. As a farmer, I have not spent half my time in keeping books, as yet.

In Manitoba that is a practical point and one of the reasons why the Canadian Wheat Pool Board authorized this mission into Great Britain and the Continent. In Manitoba the production of barley is not a matter of choice but is a matter of necessity. Our barley production in Manitoba has increased tremendously, and is apt to increase so long as we have not a variety of wheat which is rust resistant, and of the same high milling quality as our Marquis. So we are forced, through economic circumstances, whether it is more profitable or less profitable to produce wheat. Personally I am of the opinion that with us in Manitoba in most sections it would be more profitable to grow good barley than to try and grow wheat which may be rusted out two years out of three.

*By the Acting Chairman:*

Q. There is one question I would like you to answer, Mr. Bredt, or to have answered by Professor Harrison. These grades which are proposed, are they to apply on to the Western Inspection Division or to all?—A. To the Western Inspection.

PROFESSOR HARRISON: To the Western Inspection.

[Mr. Paul Bredt.]

*By Mr. Gardiner:*

Q. There is just one more question, and that is the question of the grades for eastern barley, Eastern Inspection.

The ACTING CHAIRMAN: This is a western delegation. I do not know whether they have any evidence to offer on the point of Eastern Inspection or not, or whether there is any evidence from any source on that. Perhaps Mr. Fraser might have a statement to make.

Mr. FRASER: I do not know that I have any statement to make, Mr. Chairman. If there are any questions which the Committee would like to ask, I would answer them if I can.

The ACTING CHAIRMAN: There were one or two questions in the earlier part of the meeting which it was suggested Mr. Fraser might answer.

*By Mr. Gardiner:*

Q. Would it be necessary to have different grades for Eastern Canada?

Mr. FRASER: I believe all the barley grown in Ontario and Quebec is used there. Practically none of it is exported.

*By Mr. George Clark (Seed Commissioner):*

Q. Mr. Chairman, might I ask Mr. Fraser whether it would be reasonable to make the restriction mentioned by Professor Harrison as to not more than 3 per cent of weed seeds, in connection with the feed grades?

Mr. FRASER: I think that would be a move in the right direction. The only question which would enter into it is supposing you had a No. 4 barley showing six or seven per cent of seeds; I do not think it would be quite feasible, if it were say six per cent, to remove three per cent and leave three per cent in it. If we got such a car as that we would have to put on five per cent; but that is practically what is done at the present time anyway.

*By Mr. Gardiner:*

Q. Would it not be better to remove the dockage anyway?—A. Altogether, you mean?

Q. Yes?—A. Well, if you take this No. 4 grade which is proposed here, it is supposed to correspond with the No. 2 Federal in the United States. Now it allows three per cent of seeds, 10 per cent of oats; and we might as well make our grade correspond with it, because that grade is acceptable in Germany, and those countries which use a large quantity of barley.

*By Mr. Vallance:*

Q. There is only one question I would like to ask, and that is the question which was asked by Mr. Lovie. We have been dealing here entirely with barley this morning, and there has been a considerable discussion on it. I think that Mr. Lovie's question, considering the representation we have here this morning, surely could be answered, so as to appear in this evidence, as to what varieties of barley will bring about the results or are most likely to bring about the desired results, or are more likely to do so than we have at the present time. We have the Deputy Minister of Agriculture, we have Mr. Newman, Mr. Clark, Professor Harrison, and Mr. Bredt, and surely among them this question could be answered.

The ACTING CHAIRMAN: Will anybody assume the responsibility of answering this question?

Mr. FRASER: I do not believe I am in a position to answer that correctly.

[Dr. Newman.]

Mr. VALLANCE: I was asking that, because no other questions were being directed to you.

Mr. FRASER: I believe Professor Harrison, Mr. Newman, or Mr. Clark would be in a better position to answer that than I am.

*By Hon. Mr. Motherwell:*

Q. We gathered from the two witnesses preceding you, that in order to carry out the plan of standardization of barley, it would be necessary to specially bin these and prohibit the mixing of those grades, otherwise, you would have the non-brewing and the non-distilling and everything else mixed up together. Do you think it is necessary to have them specially binned?

Mr. FRASER: I believe it would be necessary in the Nos. 1, 2 and 3 Extra to have those binned as graded. In the Feed grades it would appear to me that to get the best result mixing would have to be allowed.

Hon. Mr. MOTHERWELL: Then Section 140, which has to do with private elevators, would have to be amended, I presume, in order to exempt barley from the mixing privileges?

Mr. FRASER: Well, that might be necessary:

The ACTING CHAIRMAN: Mr. Fraser, that would require a large increase in our elevator facilities if we were to adopt these barleys and try to meet the conditions required by the foreign market?

Mr. FRASER: I would not anticipate the necessary increased accommodation. Of course, if the grades are increased there will be about thirteen grades there against about nine or ten.

Hon. Mr. MOTHERWELL: If you cut out Kota and all its ramifications, and off-grades, the space taken up by it now would provide for all the space that this barley would require.

Mr. FRASER: I believe to get the best results that we have to have such grades as are proposed here, even if it does take more space.

Dr. NEWMAN: Mr. Chairman, if you will refer to the grades you will see reference to the varieties or types of barley which are at the present moment the most outstanding varieties, and inferentially the types which we recommend in the great barley growing districts of the west. Trebi barley is a relatively new variety in the west, but at practically all our experimental federal stations it is now the highest yielder. It is the highest yielder in twenty-two states of the Union, and it is the second highest yielder in many other states. So that it has yield behind it, and, as Mr. Bredt has said, there does seem to be an opening for that particular type of barley in the Old Country market, in connection with the brewing industry. O.A.C. 21 type barley, which is a type to which some very good barleys belong, such as Manchurian, Mensury, and Chinese, has been a variety that has stood the test fairly well. But going back directly to Mr. Lovie's question; the best variety to grow on summer fallow in Manitoba at the moment, we do not know of anything that we would recommend ahead of Trebi, in his location, for yield. It is not a variety that is very popular with our Canadian maltsters for brewing purposes, it is true.

The ACTING CHAIRMAN: Is it a short straw, or a long straw?

Professor NEWMAN: It is a coarse straw and a fairly strong straw, one of the strongest straws we have, and quite early. That is a variety, I think, Mr. Lovie, that while it is not perfect by any means—and we are working on many hundreds of selections and hybrids, and hope to produce something that will

[Mr. J. D. Fraser.]



be better, yet at the present moment—and I think Professor Harrison will agree with me—for your district it is that variety that would be perhaps the one you should give first consideration to.

Mr. BANCROFT: We have just been told that there is a very limited market for Trebi barley, and if you recommend it for summer fallow there is a possibility that we might over produce in that variety.

Dr. NEWMAN: Yes, that may be quite true, but we do not know yet how much inferior it really is to the other types. We do know it is a little heavier in the hull, and we also know it will yield a great many more bushels than the types we have in many other places, and extra bushels will look after a lot of husk.

The ACTING CHAIRMAN: A crop for summer fallow is our big problem in Manitoba, as you know.

Professor HARRISON: One point should be made clear in regard to the Trebi barley, as a growing barley in the old country and to O.A.C. being the growing barley in Canada. This was confusing to some of us at the beginning. In Canada we use a very short germination period in malting. O.A.C. starts uniformly and comes through quickly. In the old country, where they use a very much longer germination period, the uniformity of the Trebi does not show up. In the one place it varies in the germination compartments from about five to six days. In the other places it takes from about 11 to 13 days. If it is a day late in starting, or two days, on that long period it does not mean very much difference, with the result that our maltsters will not have Trebi barley, and over there the maltsters want Trebi barley. I thought probably that explanation was necessary.

Dr. NEWMAN: Is there not a further explanation? In the old country since the war, as has been explained to this Committee, the type of beer has changed immensely, that is, beer as turned out by a good many of those breweries, in making a light sparkling beer which has to clarify quickly, and in making that beer they have to blend one of those coarse husky barleys with it up to a percentage of from 15 to 40 per cent. So that ever since the war they have been bringing in that Trebi type of barley called Bay Brewing from California into Great Britain to blend with their old country heavy barleys, in order to give the beer this quick clarifying property.

Prof. HARRISON: The reason that they can use that is because of this long germination period.

Dr. NEWMAN: In this country they make malt for brewing purposes out of O.A.C. 21 quite acceptably, and we do know that beer made from our Canadian malt has been very readily taken by a good many of our English friends, when they have had an opportunity to test it.

Mr. LOVIE: Did your delegation see any Californian barley when you were over in the old country?

Prof. HARRISON: Yes, we saw Californian barley; we saw it in the malt houses.

Mr. LOVIE: And how does it compare with Canadian barley? Is it lighter in weight?

Prof. HARRISON: I imagine it will weigh about the same as good quality Trebi barley would. It goes over, however, cleaned. We saw one day at Bristol a cargo, and Mr. Bredt and I were rather amazed to find the good quality of the barley. When the maltsters started to first show us the barley we concluded that they were pulling out selected samples, but after we saw cargoes in that way we came to the conclusion that they were not exhibition samples, but that they were merely showing us cargoes.

[Dr. Newman.]

Mr. LOVIE: The dry climate of California was what was making me doubtful of the quality of the barley.

Prof. HARRISON: The climate that you require for the high class two-row barley is probably somewhat different from the climate required for the high class six-row barley. In two-row barley they want a thin hull; they want it starchy, and they want the protein—I say nitrogen—they want the nitrogen from one to 1.5 per cent on an oven dried basis. In the six-row barley they want this thicker hull, and they will take a higher percentage of nitrogen, indicating that that barley has been grown with a hotter maturation period. The six-row barley also must be what they term sunny or bright, and the brightness is the thing that they get in California. They get it around San Antonia in Chili and they get it also in and around the Mediterranean countries, and I do not see why we should not have that here, with the result that I think there is a possibility of developing a barley here suited for that trade. The coast barley are probably not just suited to our particular type of climate.

Mr. LOVIE: We could get, in Manitoba, our barley a good deal brighter if we threshed it when it was ready.

Mr. STEEDSMAN: Coming from Manitoba, as I do, I realize—and I am sure that the Committee will realize—that this is a very vital question there. I would like to ask the representatives of the Agricultural College of Manitoba, and the Federal Agricultural Representatives here, if they have devised any scheme, or if they now have anything in mind whereby they could outline to the various districts in Manitoba, or practically all over the west—because the need is spreading every day—some way of arriving at the most suitable varieties for the various locations, such as was adopted by Professor Newman's department with regard to varieties of wheat. Tests were made all over the country in that regard. Barley is now really a more important product in Manitoba than wheat, and I would like to know whether there is anything of that kind, or what is being done at the present time at our experimental stations; what effort is being put forth to decide which varieties are most suitable for the different conditions,—cleaning conditions of the soil, summer fallow conditions, and variations of soil and climate?

Professor HARRISON: You are familiar with the work that is being done with wheat varieties. Professor Newman's department, the college in Manitoba, and the Manitoba pool are tied up with that investigation, and along with that, but not nearly as extensive as that, there is a small amount of work being done on barley. It is hard to get a grower who will take these varieties and give them the same chance as he will wheat, because everybody still thinks of wheat as the main crop. But wherever we can get a grower who will test barley varieties we are doing that. The experimental stations and colleges have endeavoured to provide or develop varieties suited for these different trades and they have also endeavoured to determine where the better quality of the different varieties can be produced. That is not being done as thoroughly as it should, but we have in mind such a thing as that for Manitoba at least.

The witnesses retired.

The Committee adjourned until Friday, May 17 at 11 a.m.





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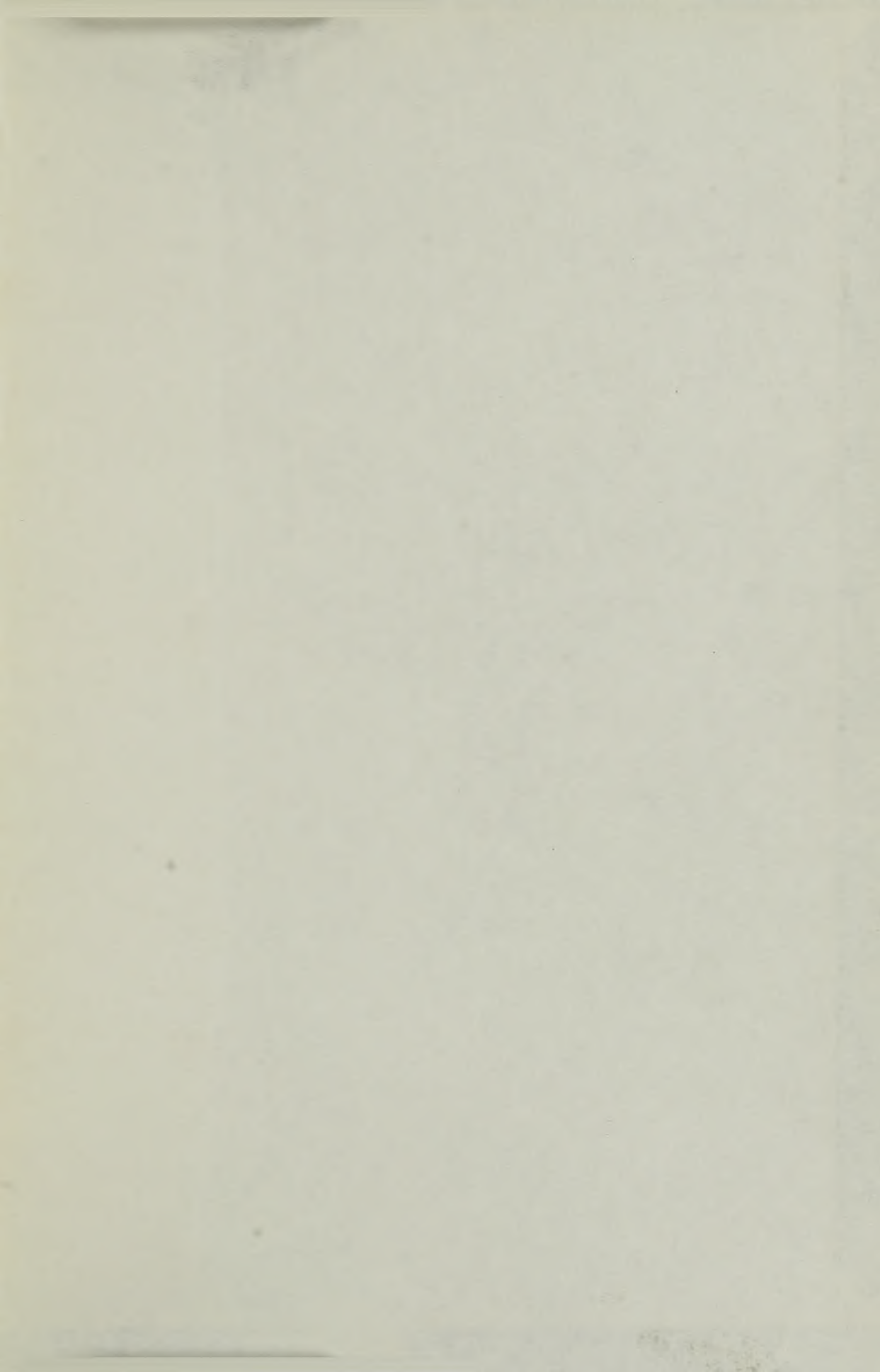
















**GretagMacbeth™ ColorChecker Color Rendition Chart**

